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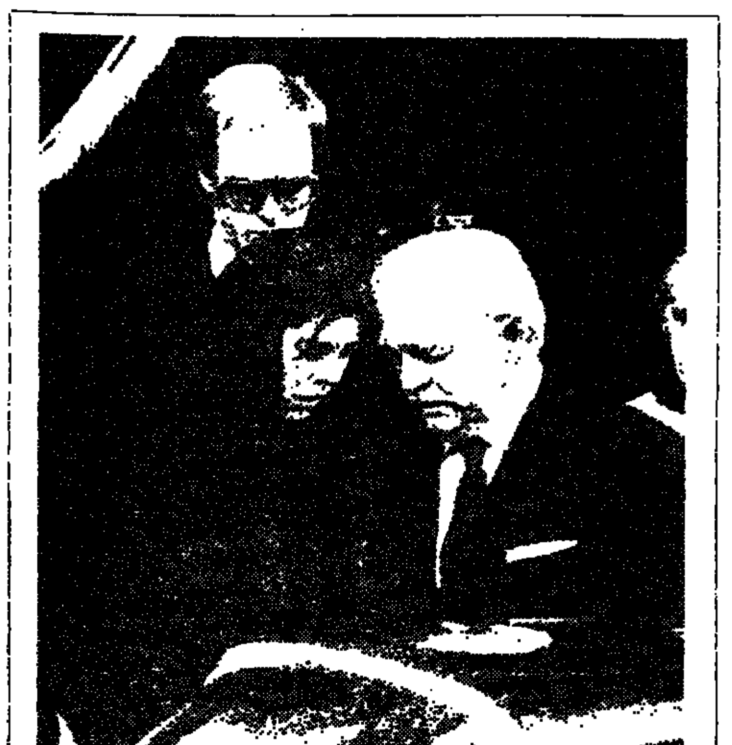
The Massacre in Beirut

Reagan Outraged; Lebanon Asks Peace Force



The Associated Press
Prince Rainier III and his son and daughter, Prince Albert and Princess Caroline, leave the cathedral in Monte Carlo after a funeral ceremony was held for Princess Grace.

Rainier, 2 Children Lead the Procession For Princess Grace

By John Vinocur
New York Times Service

MONTE CARLO — Princess Grace of Monaco was brought back by her family Saturday to the cathedral where she was married and her children were baptized.

Looking devastated with sadness, her husband, Prince Rainier III, wept again and again as he, Prince Albert and Princess Caroline led a funeral cortege through the pink and ocher streets of the Mediterranean principality to a funeral Mass.

The dark wooden coffin of the princess, who died Tuesday at the age of 52 after an automobile accident, was later placed in the Chapel of the Princes near the altar where she, as Grace Kelly, was married 26 years ago.

A palace spokesman said that her burial in the family crypt would take place in a few days.

Barber Work Played

Prince Rainier, 59, seemed crushed and numbed. His head hung, and tears were on his cheeks. At one point in the funeral ceremony, while a part of Samuel Barber's soaring Adagio for Strings was being played, Prince Albert, 24, covered his face in his black-gloved hands. Princess Caroline, 26, who wept, turned toward her father, who sat next to her by the altar, but he did not raise his head.

A friend said Prince Rainier had been extremely distressed in the last two months by the sudden deaths of two of his best friends and that the blow of his wife's fatal accident "was as much as anybody can be expected to stand."

The friend also said that although Princess Stephanie, who was in the car when it crashed, was recovering from a hairline fracture of a vertebra, she was being confronted with "psychological problems you would not wish on any kid." The princess, 17, remained hospitalized in the Princess Grace Polyclinic, where her mother died.

"We are united in pain," Archbishop Charles Brand of Monaco said in his homily. He stressed the senselessness and inexplicable nature of what he called "the rupture of the destiny of this humanly exceptional, religiously exceptional person."

The accident that led to the princess's death, he said, "results in stupefaction and provides no answers to the questions of life, suffering, separation and death."

Distinguished Mourners

The funeral brought representatives of many governments and royal families to the principality. The mourners were placed so that Nancy Reagan, who knew the princess when both were actresses, sat between Danielle Mitterrand, wife of the French president, and Diana, princess of Wales.

The funeral procession began at 10:30 A.M. with a bugle flourish. The princess's bier was brought from the Palatine Chapel in the west wing of the palace, where the family lives, and carried to an interior courtyard.

The cortege, led by a priest holding a mahogany cross tipped in gold, then left the palace through its main gate, which was draped in black velvet, and entered the Place du Palais, paved in pink stone. The coffin, covered with a white banner bearing the arms of the Grimaldi family, was carried by 20 members of a local penitent society, dressed in white robes with black capes edged in red.

Slow Procession

Prince Rainier and Prince Albert, both in black tail coats, and Princess Caroline, a black mantilla covering her head, followed with slow steps. Residents and some tourists who had gathered in the square fell still as the procession entered the narrow Rue Colonel Bellando de Castro, which leads to the white marble cathedral.

The cathedral's steps were covered in flowers, and its bell tolled slowly. The coffin was placed outside the cathedral, and as some of the 800 mourners took seats inside the prince and his children stood next to the coffin, their grief stark in the sunlight.

In the Mediterranean sun, there were few of the usual somber props of mourning. Instead, the soft blue sky and the backdrop of palms and cactus and bright water gave the black-suited figures of the funeral party a vivid sadness.

The Mass was accompanied by four selections from Bach and a part of Haydn's Fourth Symphony, as well as the passages from Barber. A crownlike canopy of black cloth had been hung over the altar; below it, pink roses were placed on the princess's bier.

Death Count In 2 Camps In Hundreds

Compiled by Our Staff From Dispatches

BEIRUT — Lebanon's prime minister, Shafiq al-Wazzan, called Sunday for the return of U.S., French and Italian peacekeeping forces to West Beirut following the massacre of hundreds of men, women and children in two undefended Palestinian refugee camps.

Lebanese gunmen belonging to rightist Christian militia units started the slaughter on Friday night, according to survivors' accounts given to correspondents who entered the Chatila and Sabra camps on the southern outskirts of Beirut on Saturday.

"The United States has this responsibility. It is committed to protect the Palestinian civilian population," Mr. Wazzan said in a statement.

"The United States is called upon to send back the multinational force … to ensure an immediate Israeli withdrawal from West Beirut," Mr. Wazzan said.

A senior Israeli official acknowledged Sunday in Jerusalem that the army allowed its Christian Phalangist allies to enter the Palestinian camps to battle hold-out guerrillas. But, he said, "Nobody dreamed that this would happen."

France and Italy said Sunday they were ready to send their troops back into the Lebanese capital as part of a revived peacekeeping force. U.S. officials said President Ronald Reagan was considering the return of marines as well as another plan to deploy United Nations troops from southern Lebanon into Beirut.

Accounts by Survivors

Survivors said the Christian militiamen began moving through the camps after sunset Friday, breaking into houses and spraying the occupants with machine-gun fire. Bulldozers rolled behind them, evidently trying to bury many of the corpses under mounds of rubble as quickly as possible. A vast pit was excavated near the southern entrance of the camp and bears the markings of a mass grave.

The killing continued throughout the night, with the militiamen withdrawing around 8 A.M., witnesses said. When reporters, diplomats and frightened camp residents arrived at mid-morning to view the remains of the slaughter, there were no signs of the gunmen or of any Israeli military presence.

Israeli Army units backed by tanks surround the area on three sides and sealed off access to Chatila late Saturday, after press accounts of the massacre began to be transmitted.

Confusion surrounded the precise identity of the killers. But a number of survivors identified them as belonging to the units under the control of Saad Haddad, a cashiered Lebanese Army major whose men have been funded and trained by Israel.

Israeli soldiers stationed around the camp and survivors of the massacre said the killers also included members of the Phalangist militia, whose leader, Bashir Gemayel, the president-elect of Lebanon, was killed in a still unexplained blast in Beirut on Tuesday. Washington Post correspondent Loren Jenkins reported that he saw men wearing the uniforms of both Mr. Gemayel's and Major Haddad's units in Chatila on Friday.

UN Reports

UN observers said Sunday that 1,000 Phalange militiamen had been seen near the city's international airport Friday morning. Their position indicated they came through Israeli lines at the airport.

Bodies were strewn across acres of wreckage in the camps, which

(Continued on Page 2, Col. 1)

The Associated Press
Bodies of Palestinians were strewn throughout the streets of Sabra, one of the two massacre sites.

Chatila, the Scene of a Nightmare

The Survivors Return to Untold Horrors in the Streets

By Loren Jenkins
Washington Post Service

BEIRUT — The scene at the Chatila camp when foreign observers entered Saturday morning was like a nightmare.

Women wailed over the deaths of loved ones and neighbors, bodies began to swell under the hot sun, and the streets were littered with thousands of spent cartridges. A woman's shoe and a child's toy car lay among the rubble.

Gone were the Christian militiamen who had withdrawn sometime after 8 A.M., at least 12 hours after the killing began.

How many were killed may never be known. There may have been hundreds, perhaps thousands, who were killed or who have since disappeared, led away early Saturday by Lebanese Christian militiamen, wearing Israeli-issued uniforms and carrying Israeli-made submachine guns.

Bodies Everywhere

Houses had been dynamited and bulldozed into rubble, many with the inhabitants still inside. Groups of bodies lay before bullet-pocked walls where they appeared to have been executed. Others were strewn in alleys and streets, apparently shot as they tried to escape.

In a garden, the bodies of two women lay on a mound of rubble out of which a baby's head poked, its open eyes glazed. Next to them lay the headless body of a baby in diapers.

Around the corner, in another alley, two girls, perhaps 11 or 12, lay on their backs, legs flung apart, each with a bullet hole in the side of her head. Twenty feet away, eight men had been machine-gunned against a cinderblock house.

Each little dirt alley through the deserted buildings, where Palestinians have lived since fleeing Palestine when Israel was created in 1948, told its own horror story.

In one, 16 men lay piled on top of each other, frozen into grotesque, contorted positions. Nearby, on a small concrete patio, a woman, wearing a gingham dress and with her head in a scarf, lay flat on her back, staring at the sky. There was a bullet hole in her chest.

'Why Did They Kill Him?'

Farther up the main street of the camp, which leads to the Palestinian shantytown of Sabra, other bodies lay twisted amid the rubble of buildings bulldozed out of the way. The body of 70-year-old Abu Diab Derani was crumpled against a wall, his head buried in the dirt, a hand outstretched. He had been shot at close range in the temple.

"Why, why did they kill him?" wailed a 60-year-old woman, his neighbor, who said had she fled the neighborhood when she heard the shooting moving up the road Friday night. "He did nothing to anyone; he was gentle and kind."

A block away, another old man with a white, scraggly beard lay on his back in blue-and-white striped pajamas. Half his head had been sliced away. He was Hada Nouri, a 90-year-old great-grandfather.

By the southern entrance of the camp, a whole neighborhood had been bulldozed, and a pit about 30 feet (nine meters) in diameter had been dug, filled with fresh dirt and rubble, then packed down again by a bulldozer. It may be a mass grave, but that will not be clear until it is excavated.

Nearby, half a building had been sheared away by one of the bulldozers the militiamen brought into the camp when they began to move through Friday. A man's body hung limply from a window. About 10 feet away, in the rubble of another cinderblock house, were the carcasses of three workhorses, one bloated in the sun. The sudden baaing of a sheep, somehow left alive in the midst of so much death, was eerie and unsettling.

President Rebukes Israelis, Summons Leading Advisers

Compiled by Our Staff From Dispatches

WASHINGTON — President Ronald Reagan summoned top advisers to the White House on Sunday to review the massacre of Palestinian refugees that prompted an extraordinary rebuke from the president and a demand that Israel immediately withdraw all its forces from West Beirut.

Expressing "outrage and revulsion" about the massacre of Palestinian civilians in Beirut, Mr. Reagan stopped short of saying that he holds Prime Minister Menachem Begin's government responsible for the killings, which apparently were carried out by Lebanese Christian militiamen. But his words left no doubt about where he felt the blame lay.

[Police using tear gas dispersed hundreds of Israelis protesting Sunday in front of Mr. Begin's home in Jerusalem. Page 2.]

"During the negotiations leading to the PLO withdrawal from Beirut, we were assured that Israeli forces would not enter West Beirut," Mr. Reagan said in a statement issued Saturday by the White House. "We also understood that following withdrawal, Lebanese Army units would establish control over the city. They were thwarted in that effort by the Israeli occupation that took place beginning on Wednesday.

"We strongly opposed Israel's move into West Beirut following the assassination of President-elect [Bashir] Gemayel, both because we believed it wrong in principle and for fear that it would provoke further fighting.

"Israel, by yesterday in military control of Beirut, claimed that its moves would prevent the kind of tragedy which has now occurred."

No Decision Reached

Those called to the White House on Sunday included Vice President George Bush, Secretary of State George P. Shultz, Defense Secretary Caspar W. Weinberger and William P. Clark, the national security adviser.

After the 75-minute session, Mr. Reagan said, "We'll let you know when we get it all sorted out. There's nothing I can tell you now." Mr. Shultz and Mr. Weinberger said no decision had been reached at the meeting.

Mort Allen, a deputy press secretary, said Mr. Reagan and his advisers were discussing a request from Italy that the Italian, French and U.S. peacekeeping force, recently removed from Lebanon, be sent back to Beirut.

After Mr. Reagan's statement Saturday, a senior U.S. official elaborated on the reasons for the strong U.S. stance, the Washington Post reported.

"We don't know who has been in there pulling the trigger," the official said. He stressed that the United States has no evidence to indicate that Israeli troops participated in the massacre or stood by and did nothing to prevent it. But, he noted, "we do know that we were told by the Israelis that they were in security control of the whole area. Their justification was that this military presence would prevent the kinds of things that happened."

Mr. Reagan's statement said, "I was horrified to learn this morning of the killing of Palestinians which has taken place in Beirut. All people of decency must share our outrage and revulsion over the murders, which included women and children. I express my deepest regrets and condolences to the families of the victims and the broader Palestinian community."

The massacre brought calls from all over the world Sunday for the dispatch of peacekeeping troops to the city and sanctions against Israel.

The executive committee of the Palestine Liberation Organization, meeting in Damascus, asked the United States, France and Italy to send their troops back to Beirut. Forces from the three countries supervised the evacuation of PLO and Syrian forces from Beirut, which ended Sept. 1.

As part of a diplomatic offensive, the PLO urged France to break off diplomatic relations with Israel.

The Soviet Union called for the deployment of United Nations troops to protect the population of Beirut and secure an Israeli withdrawal from the city.

A Tass commentary said, "If it were not for Washington's support, Israel would not have dared to commit such atrocities."

The PLO, the Islamic Conference Organization and the Soviet Union all called for the imposition of UN Security Council sanctions against Israel, and the PLO demanded Israel's expulsion from the United Nations.

All three, together with a number of Arab governments, said the United States shared responsibility for the killings, because it had negotiated the evacuation plan and assured the safety of civilians and troops.

In Cairo, Foreign Minister Ka-

(Continued on Page 2, Col. 3)

Israelis Withdraw From Part of West Beirut After Killings

Compiled by Our Staff From Dispatches

JERUSALEM — Israeli troops began a limited pullout of West Beirut on Sunday amid an international outcry over the massacre of Palestinians in refugee camps under their control.

Prime Minister Menachem Begin ordered a full report on the mass killings, which were attributed by survivors to Israeli-backed Lebanese militiamen.

Lieutenant General Rafael Eitan, the Israeli chief of staff, said his men began handing over some of their positions in the Moslem western sector of the city to Lebanese government troops Sunday morning. He said the Lebanese Army was also moving into the refugee camps in the southern suburbs of the city, where hundreds of men, women and children were shot.

But there were also signs that the Israelis were tightening their grip on the Lebanese capital. The Phalangist Party radio said Israeli forces had imposed a 15-hour night curfew. Residents of a main street said it had been announced by loudspeaker.

In radio interviews, General Eitan repeated Israel's denial of involvement in the killings. He said his forces had been deployed west of the camps, from where it had been impossible for them to supervise operations by rightist Phalangist militiamen Friday night.

In the morning, when they realized what had happened, they forced the Phalangists out of the area, he said.

Permission Reported

The Israeli radio quoted a government official as saying that Israeli troops had allowed the militiamen to enter the camps to clear them of remaining Palestinian guerrillas.

General Eitan, who toured Israeli positions just outside the Palestinian camps, contended that U.S. diplomats had blocked Israel from assigning the Lebanese Army to take over the camps. He named in particular Morris Draper, a special U.S. envoy.

"All past efforts at direct coordination between the Israeli and Lebanese armies were blocked by the U.S. representative Draper, who refused to help establish direct contact," General Eitan said. "And also by Wazzan, who did not want any such coordination," he said, referring to Prime Minister Shafiq al-Wazzan of Lebanon.

"If the U.S. representative had pressed for such coordination, many of the problems that have come about in the past few days would have been avoided."

Asked why Israel had assigned rightist Phalangist forces to take over the Chatila and Sabra camps, General Eitan said, "We don't give the Phalangists orders and we're not responsible for them."

He said his forces were withdrawing from some areas of West Beirut and being thinned out in others. Asked when they would leave the city altogether, he said that they were still finding large caches of arms and ammunition and that he assumed they would pull out when that operation was finished.

"We have no reason to keep our hold on the city. Wherever the Lebanese Army is ready to enter, we will leave,' he said.

A spokesman for the Israel Defense Forces said they "absolutely" would continue to carry out searches throughout West Beirut, but he added that there would be a limited withdrawal from some areas as a gesture of "good will."

The spokesman also said that Israeli forces had been ordered to stay out of the refugee camps, but he added that there were "no limits" on their movements elsewhere.

Sharon's Threat

Israeli troops backed by tanks stormed into West Beirut last week after the assassination of the Lebanese president-elect, Bashir Gemayel. Their declared objective was to prevent factional strife and killings for revenge. But Defense Minister Ariel Sharon spoke Friday of "eliminating" some 2,000 Palestinian guerrillas who, he asserted, had remained in the city after the evacuation of 8,000 of their comrades last month.

Two Principles

On the same day, an Israeli colonel outside one of the refugee camps told reporters that he was working on two principles — that the area should be "purified" but that the Israeli Army should not be involved.

An aide to Mr. Begin said the prime minister had ordered a full report on the killings from his military commanders in Lebanon. The cabinet had been scheduled to meet on Tuesday after the Jewish Rosh Hashana holiday, but the aide said the session would be moved up.

U.S. Losing Preeminence in Nuclear Power Industry, Experts Say at Vienna Talks

By Charles Mitchelmore
International Herald Tribune

VIENNA — The United States, long the world's nuclear power leader, is losing its preeminence in the industry it has dominated since the end of World War II.

That is the analysis of a wide range of experts — from Europe, the Third World and the United States itself — interviewed in Vienna where they are attending this year's two major nuclear conferences. The International Conference on Nuclear Power Experience met last week and the International Atomic Energy Agency is holding its 25th annual conference this week.

"The United States is giving way to France and [West] Germany and gradually even Japan as a supplier, and other countries are moving to fill a nuclear vacuum," said the head of the atomic energy commission of an important developing country who asked not to be identified.

Many experts — engineers, international technicians and diplomats — said that the U.S. decline has become most obvious just as they see their industry pulling out of a 10-year slump.

The decline has important economic implications. Michel Pecquer, head of the French Atomic Energy Commission, said last week that international nuclear construction capacity is now 6 [illegible]

Anticipating criticism, W. Kenneth Davis, the U.S. deputy secretary of energy, conceded in a speech here last week, "The various policy shifts by the [U.S.] federal government have had negative impacts in the United States."

Speaking as much to U.S. industry representatives as to his international audience, Mr. Davis added, "The current policy of the United States government is to restore that confidence to the extent that government can, so that the private sector can make decisions in an environment of reasonable risk."

The U.S. industry representatives, while sharing cautious optimism about nuclear power's future, were concerned that they would not be able to reap the full business benefits of an upswing, despite that 80 percent of all reactors built or under construction worldwide are American-made or based on American design.

Others, including foreign officials and diplomats, fear that the U.S. position has fallen so far that Washington has lost authority in important nonproliferation issues. In the last decade, the United States has successfully intervened to stop or delay significantly international sales for projects in South Korea and Pakistan on grounds that there were potential dangers of military use.

But experts in Vienna said that the diminished [illegible] affected its influence abroad, especially with those governments known informally at the International Atomic Energy Agency as "threshold" nations because they are close to achieving nuclear weapons capability.

They noted that France has taken over negotiations with India on supplying reactor fuel that the United States had contracted to provide. West Germany has gone ahead with important nuclear deals with Brazil and Argentina despite U.S. concern. Pakistan, calling for bids later this year for a new power reactor, will almost certainly end up buying a light-water reactor of U.S. design. But the contract is expected to go to a European firm, probably in France or a Spanish-Belgian consortium.

The main reason for the reduced U.S. ability to compete, experts agree, is a 1978 law passed under the Carter administration that requires any country buying U.S. nuclear material to open all of its nuclear installations to international inspection — so-called full safeguards.

Instead of pressing threshold countries to sign the nuclear nonproliferation treaty and allow complete inspection, as the Carter administration intended, diplomats contend that the U.S. law has encouraged governments to seek out other suppliers and to ignore Washington.

Other reasons cited by experts in Vienna for [illegible]

• The Three Mile Island accident. The nuclear power conference discussed the 1979 accident at length, and experts admitted that it still casts a shadow over their attempts to win public opinion to nuclear power.

• Red tape. Delays caused by regulatory agencies and other layers of government mean that it takes 10 years or more to license and build a power reactor in the United States, twice the average in France.

• Tight money. The U.S. Export-Import Bank, which has provided most of the financing of American reactor sales abroad, has been put under tighter rein, and the Reagan administration has sought to reduce its lending authority even more.

• Technology lag. A U.S. judge halted initial site work this month on the long delayed first commercial U.S. breeder reactor project, at Clinch River in Tennessee. A Soviet project is in an advanced stage, and the French Super-Phenix is to go into operation in two years.

In common with other countries, the decrease in demand for electricity generally, caused in part by recession and in part by energy conservation, has also hurt the U.S. industry.

Nuclear experts are basing their optimism [illegible] ture. They calculate that a electricity demand will again increase sharply and that their industry is still well placed to supply it.

New European and some Third World orders for power plants will start to come in again within the next two years, according to Pierre Zaleski, president of the Paris-based European Nuclear Energy Agency.

Developing countries where a revived interest in nuclear power is reported include Egypt, South Korea, Taiwan, China and Pakistan.

Mr. Zaleskli and other experts said that they also expected a nuclear revival in the United States, but not for about four years. Mr. Davis noted that nuclear power provides 12 percent of U.S. electricity, compared with about 10 percent of the total world supply. He said that by 1990, about 25 percent of U.S. electricity would be nuclear generated.

Noting that the U.S. nuclear industry employs about 300,000 people, he added: "It is a large industry, far from 'dead' as some would have you believe."

Mr. Pecquer, speaking for France, which has 40-percent nuclear-generated electricity and an industry employing 140,000 people, was more cautious: "I persist in thinking that the complex world of nuclear programs will once again [illegible]

INSIDE

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United Press International

A Palestinian woman cries as civil defense workers carry away the body of one of her relatives killed in Friday's massacre. Her home in the Sabra refugee camp in West Beirut lies in rubble at right.

United Press International

Police move to disperse protesters in front of Prime Minister Menachem Begin's home in Jerusalem. They were protesting the massacre in Beirut and called for Mr. Begin's resignation.

Lebanon Asks Return Of Peacekeeping Force

(Continued from Page 1)

had housed more than 10,000 persons before Israel launched its June 6 invasion of Lebanon. Because of the many houses dynamited and bulldozed into rubble, often with their inhabitants still inside, an exact count of the dead was impossible. Hundreds and perhaps thousands were reported missing or having been seen being taken away from the camps by the militiamen.

The International Committee of the Red Cross said in a statement issued at its headquarters in Geneva Saturday that its delegates saw hundreds of bodies lying in the streets. "Injured people were killed in their hospital beds; others were kidnapped, as well as doctors," the statement added.

The departure of the 2,100-man peace force more than a week ago upon the completion of the Palestine Liberation Organization's evacuation from Beirut early this month "allowed this horrible massacre of the camps to happen," Mr. Wazzan said.

He held Israel responsible for the atrocity, saying the massacre "demonstrated to the international community the magnitude of our suffering under the Israeli occupation and its lackies."

Israel had said its occupation of West Beirut last week after Mr. Gemayel's assassination was meant to prevent the outbreak of bloodshed.

West Beirut's Moslem political and religious leaders said both the United States and Israel were responsible for the massacre and appealed to the Lebanese government to ask France to send forces "at once."

"The horror committed in Beirut needs more than international observers," the leaders said in a joint statement after a meeting they held at the mansion of Saeb Salam, a former prime minister.

Mr. Salam, who had negotiated with the PLO and Philip C. Habib, the special U.S. envoy, this summer to get a PLO evacuation from Beirut, said:

"This is what we always feared, and this is what the United States told us would not be allowed to happen. It has, and now the United States, Israel and the Christians must bear responsibility for it."

The Lebanese Army command announced at mid-afternoon Sunday that its forces had taken over the camps entirely from Israel's occupation forces and called upon fleeing inhabitants to return home.

U.S. Energy Dept. Denies Post Story On A-Plant Raid

Washington Post Service

WASHINGTON — The Department of Energy has termed untrue a Washington Post report that counterterrorist experts, as part of a 1980 security test, had staged a mock infiltration of the government's Savannah River nuclear weapons plant, had seized hostages and had taken over the control room of a large atomic reactor.

"No such infiltration or seizure occurred, nor was a control room overtaken," said Assistant Energy Secretary Herman E. Roser. "The allegations are completely inaccurate and false."

A senior congressional source, however, confirmed Friday that the mock raid at the South Carolina plant reported in The Post's story, which was published in Saturday-Sunday editions of the International Herald Tribune, had been described Sept. 10 at a classified hearing of a House Energy subcommittee.

Representative John D. Dingell, a Michigan Democrat who is chairman of the subcommittee, issued a statement Friday confirming that the subcommittee had heard testimony at the hearing elaborating on a recent classified General Accounting Office report highly critical of the adequacy of safeguards and security at key weapons facilities.

Reagan Calls Top Advisers

(Continued from Page 1)

mal Hassan Ali said Egypt would consider recalling its ambassador in Israel if the government persisted in escalating the crisis in Beirut. Egypt is the only Arab state that maintains diplomatic relations with Israel, and it was the first time an Egyptian minister had threatened such a measure since the two countries established relations after their 1979 peace treaty.

Arab League Meeting

In the most direct attack on Washington from the Arab world, the United Arab Emirates said it held the United States responsible for the "ugly massacre of unarmed civilians" at the hands of the "Zionist occupation forces."

The United Arab Emirates news agency reported that an emergency meeting of the Arab League had been called for Monday in Tunis at the request of the PLO to "discuss the massacre by the occupation forces and their stooges in Lebanon." In Tunis, Information Minister Tahar Belkhodja said Sunday that the meeting might take place "in the next few hours."

Saudi Arabia said King Fahd had emphasized to the United States the importance of living up to its responsibilities under the evacuation plan. A statement issued from the royal palace in Jeddah said King Fahd was deeply grieved and had been in constant touch with Washington.

In Kuwait, Abdul Aziz Hussein, chief government spokesman, said after a cabinet meeting, "Those countries, led by the United States, which took charge of evacuating the Palestinian resistance are responsible for the massacre."

In Peking, a Foreign Ministry statement accused Israel of having murdered Palestinian civilians and called for prompt action to stop what it said were inhuman Israeli atrocities and to expel Israel from Lebanon.

Early Sunday, the UN Security Council agreed unanimously to reinforce UN observers in West Beirut, but did not respond to Arab demands to move up to 5,000 soldiers from South Lebanon.

Pope John Paul II, in an address at his summer residence, Castel Gandolfo, condemned the massacre as an act "repugnant to the human and Christian conscience."

27 Injured on Jet in China

Reuters

BEIJING — Twenty-seven persons were injured when a Japan Air Lines DC-8 jetliner overshot the runway at Shanghai Airport and skidded into a ditch Friday, the state news agency Xinhua said Saturday.

Labor Party, Protesters Demand That Begin Resign Over Massacre

Compiled by Our Staff From Dispatches

JERUSALEM — The opposition Labor Party backed hundreds of Israelis on Sunday in a call for the resignation of Prime Minister Menachem Begin and Defense Minister Ariel Sharon because of the massacre of Palestinians in Lebanon. One demonstration was held outside Mr. Begin's residence.

The cabinet was meeting in emergency session to discuss the massacre and President Ronald Reagan's call for Israel's immediate withdrawal from West Beirut.

"Who does not know what will happen, and gives orders to enter, bears responsibility," Shimon Peres, the Labor Party leader, said on national television in reference to the Israeli decision to allow Phalangist troops into the Palestinian camps.

"The head of government and the defense minister gave the orders to enter," he said. "We owe it to ourselves and the world to investigate fully what happened. Now we should leave West Beirut immediately and forget about getting the weapons out."

In Jerusalem, in Tel Aviv and in Rosh Hanikra near the Lebanese border, hundreds of leftist Israelis gathered to demand the resignations of Mr. Begin and Mr. Sharon.

"Begin and Sharon — killers" read some of the placards on the coastal road where dozens of tires were set ablaze. "Fascism will not take over," protesters shouted outside Mr. Begin's residence in Jerusalem.

Tear Gas Used

Police in Jerusalem used clubs and tear gas to disperse up to 800 protesters, including six members of parliament, outside Mr. Begin's official residence.

Dozens were treated for tear gas inhalation and seven were arrested but later released, police said.

Demonstrators also gathered outside a synagogue where Mr. Begin attended a Rosh Hashana, or Jewish New Year, service. Scuffles broke out between the protesters and members of the congregation who cheered Mr. Begin as he left the building, ringed by security men, Israeli radio reported.

In Tel Aviv, organizers said 500 protesters gathered on a fashionable shopping street. Police broke up the gathering arrested about 50 demonstrators, the organizers said.

In Rosh Hanikra the protesters shouted. "The Israeli Army is not the policeman of the Middle East," and demanded Mr. Begin's and Mr. Sharon's resignation.

Kibbutz members up the coastal road north of Tel Aviv to Netanya staged roadside tire-burnings along roads.

On Saturday, Israel condemned the massacre and said its troops had intervened to prevent Christian Phalangist forces from killing more people.

At one point, according to a statement from the Foreign Ministry, "there was an exchange of fire between Israeli forces and extremist Phalangists, which were engaged in the criminal acts."

"Israel condemns the massacre," the statement said, and "will to the best of its power, try to prevent the recurrence of such acts between Palestinians and Lebanese."

On Saturday, an Israeli Army spokesman said that there had been "no Israeli presence in the camps themselves" before the massacre and that Israeli forces did not know what was happening in them.

Other Israeli officials said that Israeli troops had allowed the Phalangists to enter the camps to weed out Palestinian guerrillas and intervened when they realized a massacre was in progress.

But many Israelis, stunned by the massacre that is blamed on the Phalangist allies of Israel, indicated that they are deeply worried.

"This massacre is horrible. We're in over our heads. Stuck in a mire we can't get out of," said Rafi Babyatski, 28, a businessman who three months ago supported Israel's invasion of Lebanon.

"It's very painful and also strange that we end up having to protect Palestinians from the Lebanese," said Rachel Salamon, a 27-year-old secretary.

Many Israelis were at a loss about what to do next. "If we leave now, we'll leave behind such a mess and the Palestinians will return," Mr. Babyatski said.

"If it's true our soldiers let this happen, I have only two choices. I hang myself or I leave Israel," a 50-year-old businessman said.

Victory Is Predicted For Swedish Socialists

The Associated Press

STOCKHOLM — Former Prime Minister Olof Palme came back from two consecutive election defeats in Sunday's general election, returning the Social Democrats to power after six years, according to forecasts with about half of the vote counted.

Mr. Palme's Social Democrats, whose hard campaign against rising unemployment and austerity measures overcame fears raised by a controversial labor proposal for collective funds for wage earners, seemed headed for a clear victory, according to computer projections.

The Social Democrats appeared to have gained about 2.5 percentage points for a total of 46 percent of the vote, and 12 seats for a total of 166 in the 349-seat Riksdag. The Social Democrats receive the backing of the Communists, who were expected to stay at 5.5 percent of the vote, with 21 seats.

The big losers, according to the projected outcome, were the two non-Socialist government parties — Prime Minister Thorbjorn Falldin's Center Party and its small Liberal Party ally. Together with the Conservatives, they were expected to hold 162 seats to the Socialist bloc's 187, according to the projection.

Stend Andersson, Social Democratic Party secretary and election strategist, predicted that the Social Democrats now could rule for a long time, "because the Swedish voters have learned their lesson under six years of non-Socialist rule." Before 1976, the Social Democrats had been in power for 44 years.

Kjell-Olof Feldt, expected to become finance minister under Mr. Palme, said the Social Democratic Party's executive committee would meet Monday to discuss the formation of Mr. Palme's new government.

The Center Party was expected to lose about 3 percentage points to 15 percent and 55 seats. The Liberal Party was nearly halved, sliding back to only 6 percent of the vote and losing 16 of their 38 seats.

The third non-Socialist party, the moderate Conservatives, however, gained several percentage points for a total of 23 percent and a gain of 12 seats for 85 in parliament, more than the Center and Liberal parties combined.

Lars Tobisson, the Conservative Party secretary, said he hoped the Socialist rule would be "a parenthesis" and pointed to France as an example of failure of Socialist high-tax and public sector expansion policies to overcome economic crisis problems.

The election turnout was estimated to have been high for Sweden, with about 90 percent of 6.1 million eligible voting. Nearly two million voters or one in three had used the opportunity of postal voting in the weeks preceding election day.

WORLD BRIEFS

4 Wounded at Brussels Synagogue

BRUSSELS — A gunman wounded four persons, two of them seriously, here outside a synagogue during services Saturday marking Rosh Hashana, the Jewish New Year.

The man fired two bursts from a submachine gun, wounding four men. Witnesses said he then fled, chased by a policeman who fired four shots, and disappeared in the direction of a busy weekend market. A man later telephoned a Belgian radio station and claimed the attack in the name of the "Palestinian Liberation Movement." But investigators said they did not take the call seriously.

In Paris, police detained 14 persons in a swoop on suspected sympathizers of the banned extremist group, Direct Action, judicial sources said Sunday. But they were not suspected of having any link with the explosion Friday in which an Israeli Embassy official, two of his relatives and more than 40 children and staff members at a school were injured. An Israeli Embassy spokesman said the condition of Amos Man-El, 61, who works in its military purchasing annex; his cousin, Zoltan Mandel, and Mr. Mandel's wife remained serious.

Angolan Insurgents Free 15 Captives

OSHAKATI, South-West Africa — Guerrillas fighting Angola's Marxist government released 15 captives of different nationalities on Sunday.

The 15, including four women and two infants, were handed over to South African officials at a base camp of UNITA, the main guerrilla force fighting the Angolan government. UNITA is a Portuguese acronym for the National Union for the Total Independence of Angola.

The prisoners were handed over just inside the Angolan border north of this military base. A Red Cross spokesman said the captives, some of whom had been held for up to six months, were flown to Pretoria. They included Argentines, Brazilians, Portuguese, Spaniards and Swiss, he said. UNITA has been fighting the Luanda government since Angola gained independence from Portugal in 1975.

Trial to Resume Today in Moro Case

ROME — The trial of 43 persons accused of participating in the kidnapping and murder of Prime Minister Aldo Moro reopens Monday, amid official warnings that the Red Brigades may be arming itself for a new campaign of political violence.

Red Brigades groups — who allegedly carried out the attack on Mr. Moro in 1978 — claimed responsibility for two raids in August on military targets, one in Rome and the other in Salerno. Two persons were killed in the Salerno attack, and a quantity of army rifles, machine guns and ammunition were seized in both.

Then on Sept. 3, General Carlo Alberto Dalla Chiesa, the police chief distinguished for his success against urban guerrilla groups, was murdered in Palermo, Sicily. "The operating links established between terrorism and Mafia show that the thrust of subversion has now moved from the north of the country to the south," Prime Minister Giovanni Spadolini said Saturday in a speech in Naples.

Cambodia Claims Major Victories

BANGKOK — Foreign Minister Hun Sen of Cambodia says guerrilla forces opposed to his pro-Vietnamese government suffered a major defeat during this year's rainy season, the Cambodian press agency said Sunday in a dispatch received here.

In an interview with the agency on Saturday, Mr. Hun Sen said the deposed Khmer Rouge guerrillas and other rebels had been defeated in fighting along the Thai-Cambodian border. In the interior of the country, the Cambodian Army had destroyed groups "implanted by the enemy," he said.

Mr. Hun Sen called on the rebels to surrender, saying they would be granted civil rights if they did so. The minister also said there was no danger of a famine such as the one that spread through the country after the 1979 Vietnamese invasion.

U.S. Concedes Defection of Soldier

SEOUL — The U.S. military command said Sunday that Private First Class Joseph T. White, who crossed the demilitarized zone into North Korea last month, defected and was possibly influenced by propaganda.

Roland J. Aars, chief spokesman for the command, said the United States is still seeking a face-to-face meeting with Private White, but that North Korea had said that "further discussion of the matter is meaningless and waste of time." The spokesman said Private White, of St. Louis, Missouri, was "an average soldier with a clean military record."

But the spokesman said North Korean propaganda was found in personal effects Private White left behind. He added that the soldier shot the lock off his guard post fence and ran across the demilitarized zone into North Korea on Aug. 28. In the northern side of the zone, Private White was heard to call out in Korean, "I am coming. Help me," the spokesman said.

Gandhi to Leave Today for Moscow

NEW DELHI — Prime Minister Indira Gandhi leaves Monday for Moscow where she is expected to assure the Kremlin that India's efforts to broaden links with the West would not cool ties with the Soviet Union.

Mrs. Gandhi's six-day visit to the Soviet Union, India's main arms supplier and major trade partner, follows her fence-mending tour of the United States in July. Compared with the media and official buildup to that trip, domestic public interest in her Moscow journey has been subdued.

Indian journalists reporting from Moscow, however, said Soviet leaders were keenly awaiting the visit.

Strike Cripples U.S. Freight Railroads

WASHINGTON — Freight traffic by rail was crippled Sunday in the United States, after thousands of locomotive engineers struck over an industry demand for a no-strike clause in their contract. Talks to settle the walkout collapsed.

Up to 28,000 members of the Brotherhood of Locomotive Engineers union went on strike, stopping much of the country's freight service. Some passenger lines were also stopped.

Compiled From Agency Dispatches

Amin Gemayel Likely To Win Lebanese Vote

Party Hopes Moslems Will Give Him Support Denied His Slain Brother

By Ihsan A. Hijazi
New York Times Service

BEIRUT — Amin Gemayel, the brother of Bashir Gemayel, is the most likely candidate to be elected president of Lebanon, and hopes are high in his party that he will receive wide national backing.

Lack of consensus marked the candidacy of Bashir Gemayel, 34, who died in a bomb explosion Tuesday, nine days before he was to be sworn in as president, and the Christian Phalange Party, in announcing the nomination Thursday of Amin Gemayel, 40, expressed hope that he would be a "consensus candidate" for Lebanon.

Bashir had headed the military wing of the largest Christian paramilitary organization in Lebanon and commanded 25,000 Christian militias in fighting Palestinian guerrillas, Syrian forces and his own Christian rivals in the past seven years, and had made many enemies.

Amin had been groomed to succeed their father, Pierre, 77, who founded the Phalange Party 43 years ago, but Bashir's fast rise through the military had pushed the older brother into the sidelines.

Pierre Gemayel used the party to preserve the power of the Maronite Christians.

Power Distributed

When Lebanon gained its independence from France in 1943, Christian and Moslem leaders made an agreement, known as the "national covenant," which distributed government positions along religious lines. The presidency went to the Maronites, the largest of 14 Christian denominations in the country. The Sunni Moslems, the second largest community at the time, were given the post of prime minister, and the Shiite Moslems were given speaker of Parliament.

A main objective of the Phalange Party has been to keep a Christian character for Lebanon. "Lebanon will never allow itself to be absorbed within its Arab and Moslem surroundings," Pierre Gemayel repeatedly said. Lebanon agreed to join the Arab League when it was founded in 1945, but shunned all forms of political or economic union with any Arab state.

The Phalangist Party traditionally has been hostile toward Syria; which the party suspects of planning to annex Lebanon. Lebanon was part of Syria before the French carved out Lebanon in 1922.

The Military Faction

The eldest of the five Gemayel children, two boys and three girls, Amin was brought up to believe in Phalange principles. But since he entered politics actively, with his election to Parliament a decade ago, Amin has shown himself to be a moderate.

He aspired to political leadership of the Phalange Party, but steered clear of the military faction that had formed an inner circle within the organization and let Bashir take charge of military matters.

Even at the height of the Lebanese civil war in 1975 and 1976, he maintained links with Moslem leaders and the Palestine Liberation Organization, which Bashir had regarded as the Phalangists' main enemy. Two days before the last Palestinian guerrilla group departed from West Beirut last month, Amin crossed the Green Line from Christian East Beirut and met with Abu Iyad, the number two man in the guerrilla movement.

Although Bashir was known as the militant and Amin the moderate, certain Lebanese politicians were convinced that the difference between the two was a matter of style, not philosophy, and that they both aspired to the realization of Phalangist objectives.

Amin Gemayel
UPI

It is believed that the relationship the Phalange Party began to establish with Israel in 1976 was undertaken by a collective decision of the leadership. Bashir, however, was more identified with this relationship than Amin, because Israeli aid, in the form of military supplies, went to the militias that Bashir had organized and commanded.

Moslem Support Possible

Bashir's association with the Israelis was a main cause for Moslem opposition when the parliament elected him to the presidency Aug. 23 to succeed Elias Sarkis.

Amin's moderation and the fact that he is not associated with Israel is expected to bring him some of the Moslem support that his brother lacked. If Amin does become a consensus president, the prospects for more stability in Lebanon would become brighter.

Amin is as dedicated as Bashir to ridding Lebanon of all foreign forces. He vowed to realize his brother's ideals when he delivered the eulogy at the funeral Wednesday.

Amin, a lrwyer, is an eloquent speaker, and he is fluent in French and English. Like the rest of the Gemayels, he is very much a family man. He and his wife have two children, a boy and a girl.

U.S. Business Groups Greatly Aid Republicans in Key Congress Races

By Thomas B. Edsall
Washington Post Service

WASHINGTON — In the Congressional races that will determine the partisan and ideological makeup of the 98th Congress, a key segment of the business community has become a de facto arm of the Republican Party, providing money in key marginal contests for House and Senate seats.

Working in tandem with conservative political groups, this coalition of companies, business organizations, oil producers and investors is leading a steady transformation of election financing, disclosed in campaign spending reports at the Federal Election Commission.

The money from the coalition is producing crucial early support for Republican challengers confronting potentially vulnerable Democratic officeholders in the House and Senate.

It is also shoring up the defenses of Republican incumbents, particularly those elected in 1980 who could be vulnerable to any voter backlash against Republicans because of economic troubles. While this support is not the only factor in some 45 key House races and 6 to 8 pivotal Senate contests, it could determine outcomes in close races.

Four Categories of Support

The business and special-interest groups providing this backing to the party fall into four categories. They include broad-based business organizations, including the U.S. Chamber of Commerce and the National Federation of Independent Business, as well as major trade associations such as the National Association of Realtors and the Associated General Contractors.

There are also a relatively small number of corporate political action committees, many with headquarters in, or with major investments in Sun Belt states. Lastly, there are other political action committees financed largely by independent oilmen in several states.

These groups are distinctive in several respects: they are willing to get into races early; many are willing to contribute up to the maximum of $5,000 per candidate; and they tend to "target" marginal races, often financing challengers or those with neither seniority nor firm grips on their districts.

Their common goal is to shift Congress to the ideological right, and in the overwhelming majority of contests this fall, this has meant financing Republican campaigns. Backing for Democrats is limited almost entirely to those who supported the Reagan administration's 1981 budget and tax cuts over the objections of House Democratic leaders.

Conservative Democrats Backed

Also, contributions to Democrats were limited to conservative candidates in primary elections in solidly Democratic districts facing opponents who are more liberal.

"We are nonpartisan," said Joseph J. Fanelli, president of the Business-Industry Political Action Committee, in a comment echoed by spokesmen for many of the other groups. But an examination of contributions on file with the Federal Election Commission shows overwhelming support for Republicans.

On Aug. 20, the Chamber of Commerce issued a summary of 99 House and Senate races recommended for "business involvement." In only one case was the endorsed candidate a Democrat, and that endorsement was limited to the Democratic primary.

The Business-Industry Political Action Committee has given $112,010 to House and Senate candidates. Of that, $99,230 has gone to Republicans. The organization gave nine conservative Democrats a total of $12,780 in the primary elections, but every candidate it has endorsed in the general election is a Republican.

Similarly, by the end of June, the National Federation of Independent Business had given Republican candidates $79,650 and Democrats, all of whom had backed President Ronald Reagan on the budget and tax bills of 1981, $12,100.

Aid From Major Corporations

In the area of corporate political action committees, campaign spending records show that about 20 major corporations are particularly active in making early contributions, heavily weighted toward Republicans. The leaders include the Fluor Corp., the Eaton Corp., Dart & Kraft Inc., Standard Oil Co. (Indiana), and Sears, Roebuck and Co.

The Sears committee this year has given $42,850 to Republicans, mostly to House members holding marginal seats. The committee gave $12,400 to Democrats, $7,950 of which was to Southern supporters of the Reagan program.

With even stronger Republican leanings, the Eaton Corp. political committee has given $46,150 to Republicans out of a total of $51,650. Fluor Corp.'s committee has given a total of $85,550 to Republican candidates and committees, and $13,650 to Democrats.

Among trade organizations, the Realtors political action committee reported giving $221,176 to Republicans and $112,758 to Democrats. The Sheet Metal and Air Conditioning Contractors have given $138,643 to Republicans and $27,051 to Democrats, and the Associated General Contractors reported giving $396,300 to Republicans and $86,900 to Democrats.

Unity on the Right

Among the conservative organizations, the political action committees are split into two groups, the "old right," which concentrate more on economic policy and military spending than on "social" issues, and the "new right," which focuses on such issues as abortion, school prayer and busing.

As the general election approaches, both groups' loyalty to the Republicans is asserting itself. The Fund for a Conservative Majority is targeting 13 Senate races and 72 House races for involvement, supporting Republicans in all cases. The National Conservative Political Action Committee is preparing "negative" campaigns against six senators and eight House members; every target for defeat is a Democrat.

Over the past four years, a network of political action committees financed primarily by independent oilmen has sprung up in Texas, Louisiana, Oklahoma, Colorado and southern California. A key strategy is to funnel money into non-oil states with the goal of defeating liberal and moderate incumbents. In practice, this translates into the channeling of large sums into Republican campaigns.

U.S. Reportedly Prepares Proposal To Sell Jordan Advanced Weapons

By Richard Halloran
New York Times Service

WASHINGTON — The Reagan administration has nearly completed work on a proposal for the sale of advanced missiles and fighter planes to Jordan, a nation regarded as vital to the success of President Ronald Reagan's Middle East peace initiative, according to administration officials.

Although no final decisions have been made, the officials said, the package probably will include the mobile Hawk anti-aircraft missiles that King Hussein of Jordan has long sought rather than the less powerful Stinger missiles offered in May after a visit by Defense Secretary Caspar W. Weinberger.

They said the package also would include new Northrop F-5G Tigershark fighter planes. Northrop Corp. has developed the plane without government financing, but has begun seeking government backing for export sales and has recently received implicit support from Deputy Defense Secretary Frank C. Carlucci.

General Dynamics Corp.'s F-16 fighters, which are bigger and more expensive than the F-5G, may also be included, the officials said. Middle East diplomats said King Hussein would prefer F-16s and feels his position is stronger than it was earlier this year.

Request's Timing Uncertain

The timing of the announcement of the arms package is uncertain, the officials said. They and Middle Eastern diplomats said Jordanian officials were expected to ask for the arms sale formally in November after the congressional elections.

Administration officials said they hoped the timing of the request would preclude U.S. supporters of Israel from making a campaign issue of the sale. Israel has vehemently opposed it.

The officials said the announcement would be tied indirectly to the announcement of a new sale of F-16 fighters to Israel that has been held up by the invasion of Lebanon. The United States has delivered 75 F-16s to Israel, with Congress still to be notified of the sale of another 75.

That notification, officials said, probably will not be made until Israel has substantially withdrawn its forces from Lebanon. Military analysts have said those forces have given every indication of being prepared for a long stay.

Inducement or Reward

Officials said there was also a debate in the administration on whether to offer the arms package to King Hussein as an inducement to support Mr. Reagan's Mideast proposals or to present it later as a reward for support.

They said Mr. Reagan needs King Hussein's cooperation for his proposal to turn the West Bank area occupied by Israel into a Palestinian homeland in an association with Jordan. The king has publicly expressed interest.

Under the laws governing foreign military sales, the administration must notify Congress before a sale has been consummated. Congress then has 30 days to veto it, which requires a majority vore in both houses. Mr. Reagan has announced that he will call Congress into special session in late November.

Financing the sale may be difficult. The administration has requested $75 million in credits for Jordan for the fiscal year beginning Oct. 1, up from $50 million this year. Congress would have to approve larger credits for the $500 million sale, which would be spread over several years as the missiles and aircraft were made and delivered.

House Democrats Offer Alternative To Reagan Plan for U.S. Economy

By Margot Hornblower
Washington Post Service

WASHINGTON — House Democrats, stung by Republican charges that the Democratic Party has run out of ideas, have released an ambitious blueprint for an alternative to President Ronald Reagan's economic program. It calls for overhauling business and income tax laws, subsidizing new technology research and rebuilding the nation's transportation network.

The document, entitled "Rebuilding the Road to Opportunity," is the product of more than a year of work and laborious negotiations among liberal, moderate and conservative members of the House Democratic Caucus. It was released Saturday.

"For the first time, the Democrats have a coherent, integrated program that looks over the next five to 10 years," said Representative Timothy E. Wirth of Colorado, who wrote the report with Representatives Gillis W. Long of Louisiana and Richard A. Gephardt of Missouri.

"Before," said Mr. Wirth, "we've always acted in an ad hoc and reactive fashion, without determining our commitment, priorities and scheduling. Now when people ask, 'What are the Democrats for?' we can say, 'Here's our package.'"

The economic report is one of seven major policy statements by the House Democratic Caucus. The others, dealing with national security, crime, housing, small business, women's economic issues and the environment, are to be released Tuesday.

"Reaganomics must — and will — be repealed," the economic report contends. "Our party must once again promote bold approaches to gain control of our economic future. The Republicans have proven once again they are not up to the task. Once more, they have chosen to pursue the discredited policies of trickle-down economics."

According to the Congressional Budget Office, the program envisioned in the document would cost $35 billion to $42 billion a year for five years. That would include $14 billion to repair the nation's roads, bridges and water systems, which could be raised largely through user charges such as gas taxes or barge levies.

About $8 billion to $11 billion a year in funds for research and development would be matched by an equal amount from private industry. That program is aimed at countering foreign competition in high technology growth industries with large job-creating potential.

Funds for Education

An increase of $11 billion to $17 billion in education spending would provide financial aid to needy students; reduce faculty shortages in key areas such as engineering and computer training; provide computers to secondary schools, and retrain workers in declining industries, such as automobiles and steel, for jobs in new technology companies.

Mr. Wirth said the economic package would increase national productivity by 1.2 to 1.5 percent, according to budget office estimates, which translates into an increased national output of $30 billion to $40 billion a year.

More funds would be raised through tax reforms, including the elimination of unproductive tax shelters "that favor the rich."

The Democrats also recommended considering a new high technology mission, such as renewable energy technology or bioengineering, for the National Aeronautics and Space Administration, and raising funds through an oil import fee or a gasoline pump tax.

Senator Sees Possibility Of U.S. Tax Rise in '83

By William J. Eaton
Los Angeles Times Service

WASHINGTON — Senator Robert J. Dole, the chief architect of the 1982 tax increase, says it might be necessary to raise income taxes and Social Security payroll taxes in 1983.

Mr. Dole, Republican of Kansas and chairman of the Senate Finance Committee, said in an interview Friday that the effective dates of payroll tax increases now scheduled for 1985, 1986 and 1990 might have to be advanced to assure the solvency of the Social Security trust fund so that 36 million Americans can continue to receive benefits.

Congress also might have to consider another increase in federal income taxes in 1983 if budget deficits continue to climb, Mr. Dole said.

"I don't believe that we've closed every loophole in the tax code," Mr. Dole said. "Certainly we're going to have to continue the pressure on the spending side, and it may be necessary to take a look at the revenue side."

Mr. Dole said a speed-up in payroll tax increases was being considered by a commission named by President Ronald Reagan to make recommendations on ways to end a Social Security financing crisis, which could cause a cutoff in benefits late in 1983. Mr. Dole is a member of the commission.

Under present law, the current 6.7 percent tax rate for workers and employees will be increased to 7.05 percent in 1985, to 7.15 percent in 1986 and to 7.65 percent in 1990. The tax is now applied on the first $32,400 of earnings and the figure will rise automatically in future years as incomes increase.

In response to a question, Mr. Dole said the 1985 rise may have to be shifted to 1983 and the other two increases may have to be moved up, too.

Mr. Dole said he hoped the commission would make a "strong, objective report that the system's in trouble so that we can convince the senior citizens that we're trying to save the system, not destroy it."

Raising the age for normal retirement benefits, reducing benefits for early retirement and revising the cost-of-living adjustment formula, he said, also were being considered by the commission.

Mr. Dole was asked for his views about proposals to allow workers under the age of 45 to drop out of the Social Security system voluntarily.

"It would have some merit if you go back to these surveys that show that most people in that age group are wondering why they're going to continue to pay into a system at a higher rate, maybe as high as 25 percent of payroll in the next 20 years, and not have any certainty that there would be any benefits when they retire," Mr. Dole replied.

Poll Finds Brown Gains on Wilson in U.S. Senate Race

Los Angeles Times Service

LOS ANGELES — Governor Edmund G. Brown Jr. has pulled into a virtual dead heat with Mayor Pete Wilson of San Diego in their race for the U.S. Senate in California, the Los Angeles Times Poll has found.

Mayor Tom Bradley of Los Angeles holds a commanding lead over the state attorney general, George Deukmejian, in the governor's race, according to the poll.

Mr. Wilson, a Republican, is the preference of 46 percent of those who were surveyed; Mr. Brown is preferred by 42 percent, and 12 percent say they are undecided or favor some other candidate. The poll found that Mr. Wilson had been hurt by his suggestion that people age 45 and under be permitted to make lower Social Security payments in exchange for lower benefits upon retirement, a stand that Mr. Brown has portrayed as an assault on the stability of the system.

[hatcher Popularity Remains High]espite Sagging British Economy

By Peter Osnos
Washington Post Service

.ONDON — The roster of nerican allies in Europe these ys is distinguished by tottering vernments. Domestic political oblems, generally about eco- mic policy, are battering ad- inistrations in West Germany, 'ance, Spain, Italy, Denmark and e Netherlands.

But one government, with per- ps the most serious economic stress of all, is showing public inion poll ratings as high as any its term. Prime Minister Marga- t Thatcher of Britain holds a ibstantial edge over her oppo- nts, down only a bit from the ak of last spring's Falkland Is- nds war.

Yet, a survey published earlier is month in The Observer, a ondon newspaper, reported that ie out of four of Britain's work- s has been unemployed some- me in the past 12 months. The resent total is 3.2 million, com- ared with about 700,000 a decade go and barely a million when Irs. Thatcher came to office in 979.

Tories Lead Polls

Other economic statistics are qually grim. Output is flat and ac- ially declining if North Sea gas nd oil are left out. The Con- deration of British Industries aid in August that 78 percent of ie country's manufacturing com- anies have less than four month's orth of work on order. Imports re up much more sharply than exports, meaning that Britain is not finding the markets it needs abroad to bring unemployment down.

Nonetheless, the same Observer survey that contained those high unemployment figures found that 44 percent of a sample of more than a thousand persons around Britain said they would vote Conservative, 33 percent said they would vote Labor and 20 percent for the alliance of the Social Democrats and the Liberals. All other major polls also find Mrs. Thatcher's Conservatives in the lead.

The findings are all the more surprising considering that both the CBI, the industrialists' organization, and the Trades Union Congress, the labor confederation, have urged the government to take action immediately to reflate the economy, giving relief to business and the struggling work force. Mrs. Thatcher and her chancellor of the exchequer, Sir Geoffrey Howe, have resolutely refused.

With the next general election conceivably only a year away, the natural political response would be to start bringing the country out of its slump now to assure the best possible public morale on voting day.

But Mrs. Thatcher maintains that Britain's economy must recover on its own through continued improvements in productivity, a larger role for the private sector, greater competitiveness on world markets, innovative management and technological development. A government-induced upturn, she argues, would be illusory and ultimately leave the country worse off than now.

Mrs. Thatcher points to a sharp drop in inflation and a lowering of interest rates as important gains for the economy for which she takes credit. These trends make the rise in unemployment less onerous to the public, officials say.

Opposition Weaknesses

Still, the government should be vulnerable to pressure from its critics. Although the Conservatives comfortably lead in the polls, a solid majority of voters say they would support opposition parties in an election.

But the Labor Party leader, Michael Foot, is drawing the highest disapproval ratings of any party chief in memory because of splits over party philosophy and direction. The image of the Liberal-Social Democratic alliance, barely a year old, has lost much of its glamor as its members get down to the hard bargaining of choosing policies and candidates for future elections.

With the end of the Falklands war already three months in the past, Britain's success in the conflict no longer looms as large a factor in the government's continued strong showing. What seems to remain, political analysts generally agree, is a sense that Mrs. Thatcher will not be deterred when she makes up her mind.

That determination — "leadership in the truest sense," her supporters call it — still appears to be working in Mrs. Thatcher's favor.

The Associated Press

A FIRM GRIP — A three-fingered 'handing robot' shook hands with Prime Minister Margaret Thatcher of Britain at Tsukuba, a government-funded academic science city, during her current visit to Japan. She later visited the nuclear power center at Tokaimura. She is in Asia for two weeks.

A New 'Anatomy of Britain' Finds Same Old-Boy Team in Command

The Associated Press

LONDON — Twenty years ago, Anthony Sampson warned in his book "Anatomy of Britain" that England's "old boy" network of Eton and Oxbridge graduates would have to make room for a new technocratic class if the country were to prosper.

But four governments later the establishment remains the same and the nation's "post-imperial malaise" persists, a disheartened Mr. Sampson concludes in "The Changing Anatomy of Britain," which is being published Monday.

He praises Prime Minister Margaret Thatcher for curtailing bureaucracy and stimulating competition with her vision of a lean and hard-working Britain. But his rewritten 476-page guidebook — a standard text for many college and university courses — accuses Mrs. Thatcher of having made the rich richer, helped big business but not small enterprise, and ruthlessly presided over "the processions of tens of thousands" onto the welfare rolls as unemployment soared to a post-Depression record of more than three million.

Mr. Sampson interviewed the prime minister, Prince Charles, judges and union and business leaders for his odyssey through the nation's power-broking elite.

A recurring theme as he examines politics, boardrooms, the law, civil service, finance, industry and the press is the dominance of old Etonians, Wykehamists from Winchester College prep school, and Oxford and Cambridge university graduates.

"They retain a tremendous hold, in some ways greater than ever," Mr. Sampson said in an interview.

"For the first time in history, the heads of both the civil service and Foreign Office are both Etonians who went to Christ Church, Oxford," he said, referring to Sir Robert Armstrong and Sir Antony Acland.

"Of the heads of the four big banks, two went to Eton and two to Winchester. At the BBC, the chairman is an old Etonian and the director-general an old Wykehamist.

"It's a deep kind of tribalism," said the author, an Oxford alumnus himself, who began his career in South Africa editing the magazine Drum, served as American correspondent for The Observer and now writes for Newsweek.

A founding member of Britain's new centrist Social Democratic Party, Mr. Sampson forecast trouble ahead for Mrs. Thatcher.

"She has an almost messianic view about free enterprise, but her real humbug has been the decimation of small business, to which she's given no help whatsoever," he said.

He expects a "hung Parliament" after the next general election, due by spring 1984, with the Social Democratic Party holding the balance of power.

NATO's Leader Urges A Conventional Buildup

By Drew Middleton
New York Times Service

CASTEAU, Belgium — General Bernard W. Rogers, commander in chief of NATO forces, says he believes the alliance could deter a Soviet attack without threatening the use of nuclear weapons if its West European members were to meet conventional force goals projected for the period from 1983 to 1988.

"If Europe and the United States are ready to make this effort, by 1989 the alliance would present defenses so powerful that the Russians would be deterred," General Rogers said in an interview at his headquarters here. "The nuclear threshold would be raised on the Western side."

He said he did not believe the Soviet Union would use tactical nuclear weapons in any invasion of Western Europe. He said any exchange of tactical nuclear weapons would "escalate very rapidly" into strategic nuclear war.

The alternative to a Western effort to bolster conventional defenses, he said, is "a steady widening of the gap between the military strength of the Soviets and the Warsaw Pact and NATO."

Raising conventional force levels would involve an annual increase of 4 percent in real terms in West European military outlays.

The balance in conventional forces in Europe is not as unfavorable to the West as is sometimes said. Military analysts, however, emphasize that other factors increase the Soviet margin.

The Western alliance has a superiority over Warsaw Pact forces in the number of armored divisions, anti-tank missile launchers, fighter-bombers and armed helicopters. The East leads in mechanized divisions, early-reinforcement divisions, divisions available after mobilization, main battle tanks, artillery tubes, medium bombers, fighter planes and interceptor aircraft.

In the size of ground forces, the Atlantic alliance holds a slight edge, 2 million men to 1.7 million.

Western analysts agree on the factors that would tip the scales in the East's favor in the event of war.

The Warsaw Pact, for example, would be able to mobilize manpower more swiftly than the West. Most of the manpower is in the Soviet Union, and its divisions in Categories II and III could be brought to war strength rapidly. Divisions in Category II are at one-half to three-quarters strength in manpower and have all their combat vehicles on hand. Divisions in Category III have about a quarter of their men. Some have all their vehicles, some have not. In most cases the vehicles are obsolescent.

Another factor in the Soviet Union's favor is that its divisions in East Germany, Poland, Czechoslovakia and the western military districts in the Soviet Union are all combat ready. In the West, only the divisions of the U.S. Seventh Army and possibly Britain's Second and Third Divisions can be counted as combat ready.

The West, however, has two advantages.

General Rogers says he is convinced that he has the means to oppose a second echelon of Soviet forces if the West were invaded. This is an improvement in the Western position. It means that the alliance, after battling an initial onslaught, would be able to oppose a second wave of troops and to attack their depots and communications. Experts have thought that such a second wave would give the East a numerical superiority on the battlefield.

Another Western advantage is said to lie in the superiority of Western weapons, particularly in remotely controlled missiles, and in the technological skills of the troops who use them.

General Rogers says that, if the West European nations make the effort, the present advantages of the Warsaw Pact can be balanced and the West's strength will be enough to deter a possible Soviet attack.

The plan he has outlined will involve, he conceded, some "sacrifices in social benefits."

U.S. Officials Assess Likely Effects Of Collapse of Schmidt's Coalition

By Michael Getler
Washington Post Service

WASHINGTON — Reaction in the Reagan administration to the collapse of Chancellor Helmut Schmidt's coalition government in West Germany ranges from a view that the West may be losing one of its most respected leaders to a feeling that a new, conservative Bonn government would be more politically in tune with the Reagan White House.

Specialists in the White House and the State and Defense departments cautioned that it is not clear how the political situation in Bonn will work out, but officials offered some early assessments of how a change in leadership might affect U.S.-West German relations.

A predominant view among the European specialists in Washington is that Mr. Schmidt is among the world's most respected and important statesmen. Despite his differences with recent U.S. administrations on some issues, his leadership has been an asset for the Western alliance and U.S. interests, they believe, especially because there is no one of similar stature in the wings.

More conservative members of the administration, however, while not disputing Mr. Schmidt's stature as a leader, believe the political values of a new conservative government of Christian Democrats and the Christian Social Union are potentially more important to the Reagan White House.

"Let's face it, the SPD are not our best buddies," an official said of Mr. Schmidt's Social Democratic Party. The Christian Democrats "are our kind of guys," he said.

A White House official said that President Ronald Reagan has "a great deal of respect" for Franz Josef Strauss, the leader of the Christian Social Union, in particular, and that Mr. Reagan had gone out of his way to meet with Helmut Kohl, the Christian Democratic leader, in the United States and in Germany.

Another specialist said, however, that while the conservative parties are more vocal about protecting the special relationship with the United States, Bonn under Mr. Schmidt has followed middle-of-the-road foreign policies that have had conservative support.

The departure of Mr. Schmidt from the chancellery also could affect two issues, missiles and a gas pipeline, in the Bonn-Washington relationship.

Mr. Schmidt has been a staunch supporter of the NATO plan to station new U.S. missiles in Europe beginning in 1983. He has been able to control the left wing of his party, which opposes the deployment, while retaining the conservatives' backing.

With Mr. Schmidt and the Social Democrats out of power, the opposition to the missiles will be greater and more vocal, specialists agreed.

The political upheaval in Bonn could have several effects on the Reagan administration's efforts to block the Soviet Union's construction of a natural gas pipeline from Siberia to Western Europe, the specialists said.

Initially, with Bonn distracted by domestic political concerns, one of the effects could be a slowdown in discussions in the alliance on how to heal the breach between Washington and its European allies that are supporting the project. Without Mr. Schmidt, a strong and articulate advocate of going ahead with the pipeline, the general European position could be weakened.

Soviet Politburo Asked Phone Cuts, Diplomat Asserts

United Press International

MOSCOW — The Soviet Union's international telephone lines apparently were cut back for security reasons on orders from the highest level of the ruling Communist Party, according to a senior Western diplomat.

The diplomat, who spoke on the condition that he not be identified, said that Yuri Andropov, the former chief of the KGB, the Soviet secret police and security agency, was among those said to be behind the cutbacks.

"There was speculation," the diplomat said, "that Andropov held off from doing this because for some reason he likes his reputation as a closet liberal, then got his successor to crack down as soon as he left." Mr. Andropov resigned his KGB post in May.

The European Community delivered another objection Friday to the cutbacks, saying the latest Soviet explanation of the restrictions was unsatisfactory. The reductions have been described by Soviet officials as necessary for an overhaul of the system and requiring two years to complete.

The EC countries have been protesting the reduction since July when the Soviet Union began eliminating more than half of the telephone circuits to the West.

Charges of 'Intrigue' Sting Bonn Opposition

By James M. Markham
New York Times Service

BONN — A major problem for the two parties that hope to form West Germany's next government — the conservative Christian Democrats and the badly divided Free Democrats — is to dissipate the atmosphere of smoke-filled rooms that envelops their new enterprise.

While a change of government through a switch of parliamentary alliances is impeccably constitu-

NEWS ANALYSIS

tional, both Helmut Kohl, the Christian Democrat leader who aspires to be chancellor, and Hans-Dietrich Genscher, the Free Democrat chairman who expects to reassume the post of foreign minister in the new cabinet, have clearly been uncomfortable over the manner in which their incipient coalition has come into public view.

On Friday, after the Free Democrats abandoned their 13-year-old coalition with Chancellor Helmut Schmidt's Social Democrats, neither Mr. Kohl nor Mr. Genscher, in speeches to the Bundestag, mentioned the names of the two parties that would make up the new government "capable of action" which they both promised. It was as if to do so in public would be unseemly.

Looking drawn and somber, Mr. Genscher did not even expressly declare that he had, that morning, resigned from the post of foreign minister, which he had held since 1974.

Mr. Kohl was visibly irritated by Mr. Schmidt's assertion that ordinary Germans, and especially the young, were "depressed" by the antics of the politicians in Bonn, and that he shared their feelings. "What should young citizens think," asked Mr. Kohl rhetorically, "when change in a democracy is degraded into being called 'an intrigue'?"

Changing Sides Again

This is not the first time that the Free Democrats have changed allegiances. In 1969, when they first enabled the Social Democrats under Willy Brandt to form a government, there were accusations of betrayal from the Christian Democrats, who had just been reconfirmed as the biggest party in national elections.

What lends the Free Democrats' latest power switch a slightly unsavory tone is that it comes only two years after the Free Democrats and the Social Democrats were returned to office in national elections — and at a time when the small liberal party is extremely divided and demoralized.

The Free Democrats' left wing criticized the decision by Mr. Genscher, the party's chairman, to leave the coalition. The Free Democratic executive committee narrowly approved the decision, 18-15 with one abstention. A similar poll of the party's parliamentary group produced a vote of 33-18, with one abstention and one absentee, in support of an alliance with the Christian Democrats.

One of the causes of the Free Democrat's demoralization is also a symptom of the problem facing Mr. Kohl and Mr. Genscher. The emergence of the "Green," ecological and anti-nuclear movement has been in part a reflection of disaffection among young Germans over "politics as usual" in Bonn.

And, according to national opinion polls and recent local election results, the Greens have displaced the Free Democrats as the third largest party in West Germany — an unnerving thought for Mr. Genscher.

A measure of the unease within the Christian Democrats over their new allies is that, even before Mr. Kohl has been elected chancellor in the Bundestag, other party leaders have been fixing dates, in the spring of 1983, for early national elections. A recurring phrase is that elections will be "the cleanest solution" — in contrast to one that is presumably not clean.

Franz Josef Strauss, the chairman of Bavaria's powerful Christian Social Union, the Christian Democrats' sister party, suggested strongly Sunday that he would be willing to serve in a cabinet led by Mr. Kohl — but only after the Christian Democrats won an absolute majority in the Bundestag. In such a situation, the Free Democrats would be consigned to oblivion, and Mr. Strauss might well replace his longtime foe Mr. Genscher as foreign minister.

'Acrobatic Solution'

A pre-electoral mood has also seized the Social Democrats. At a news conference Sunday, Willy Brandt, the party leader, condemned the "acrobatic solution" adopted by the Free Democrats, and announced that a special party congress could be held within 14 days to organize the elections that Mr. Schmidt demanded in parliament last week.

Mr. Kohl has no wish to hold elections until he, not Mr. Schmidt, has the advantages of incumbency, and so there was a slightly unreal quality about Mr. Brandt's announcement that Chancellor Schmidt would head the Social Democratic ticket. But, by putting themselves in a pugnacious, electoral posture now, the Social Democrats hope to hit the ground running if a vote comes in early 1983.

On Monday, Mr. Kohl, Mr. Genscher, Mr. Strauss and a handful of other politicians will meet in Bonn and divide up the cabinet jobs in the new center-right government they hope to form. If their schedule holds, they will table a so-called constructive no-confidence vote on Wednesday and, on Friday, Mr. Schmidt will be ousted as chancellor and replaced by Mr. Kohl.

Given the novelty of this procedure — the Christian Democrats tried it once in 1972 and lost by two votes — considerable drama and uncertainty hangs over the coming week. But Mr. Kohl will fail only if there are massive defections from his own party and the Free Democrats on the secret ballot in the Bundestag.

Perhaps more uncertain, though, is the "new beginning" promised by Mr. Kohl and Mr. Genscher. They are, for the moment, only partners of convenience; if their own pledges to face the voters are fulfilled, the durability of their partnership will be tested early next year in national elections.

Mozambique Says Army Killed 20 Insurgents

Reuters

MAPUTO, Mozambique — Government troops killed 20 rebels of the Mozambique Resistance Movement in the central Inhambane district, the official news agency AIM reported.

In a battle Thursday at Cumbane about 20 miles (32 kilometers) from the city of Inhambane, the Mozambican Army captured South African-manufactured weapons and recovered goods removed from two shops, the agency said Saturday.

SENIOR EXECUTIVE POSITIONS

Published every Monday, this is a compilation of senior positions published in the INTERNATIONAL HERALD TRIBUNE and other selected publications. Comments concerning this feature can be addressed to Juanita Caspari in Paris.

POSITION	SALARY	EMPLOYER	LOCAT.	QUALIFICATIONS	CONTACT	Source
EUROPEAN TREASURER	£25,000 + car	High growth multinational.	West of London	Several yrs. exp. of int'l treasury, incl. direct involvement with foreign exchange mngt.; Eng. +; early 30s.	Ref. E855/IHT, P.J. Williamson, Arthur Young McClelland Moores & Co., Fetter Lane, London EC4A 1[illegible].	I.H.T. 9-9-82
CORPORATE AUDITOR	Generous	Litton.	Zurich or other Eur. City	25-40; min. 3 yrs. audit exp., pref. int'l firm of public accountants; Eng. + Ger., Fr. or Ital.	Mr. E.A. [illegible], Litton International S.A., Gubelstrasse 28, CH-8050 Zurich.	I.H.T. 9-9-82
INDUSTRIAL DIRECTOR		French group of companies (food business).	Paris	Grad. engineer (in France X, ECP, INA, in U.K., FIRST...); min. 35; Eng., Fr. +.	Ref. 4216 HT, J.-E. [illegible], Alexandre Tic S.A., 10 Rue Royale, 75008 Paris.	I.H.T. 9-9-82
PRODUCTION MANAGER	£1,250/month + Xmas bonus	Leaders in the manuf. of polyethylene sheeting in South Africa.	Johannesburg	U.K. nat.; 30-50; H.N.C. or equiv. qual. in chemistry, plastics or engineering; relevant tech. & managerial bkgd.	Dennis W. Davidson, [illegible] Personnel Services Ltd., 343 Union St., Aberdeen, Scotland.	I.H.T. 9-9-82
INTERNATIONAL AUDIT	to £26,000	Major bank.	Saudi Arabia & Qatar	ACA or ACCA with extensive bank audit exp.; major firm exp.; Eng. + Fr. or Arabic.	Michael Nagle F.C.A., Saba & Nagle Int'l Ltd., 23 Pembridge Square, London W2 4DR.	Financial Times 9-9-82
INTERNATIONAL INTERNAL AUDIT	Attractive	Merck & Co.	Brussels	Univ. deg.; 3 yrs' exp. in auditing or accountancy & a recognized acctg. qual.; Eng. +; 50% travel.	F. [illegible], Merck Sharp & Dohme, 113 Chaussée de Waterloo, 1180 Brussels.	Financial Times 9-9-82
PERSONNEL MANAGER West Africa	Attractive U.S.$ + 25% local currency	Int'l bauxite mining consortium.	Republic of Guinea	Eng., Fr.; generalist personnel mngt. exp. in industrial org., pref. overseas environ.	Ref. 5010/IHT, Philip Smith, 65-67 [illegible] Street, London SW1Y 6[illegible].	I.H.T. 11-9-82
INTERNATIONAL PROGRAM MANAGER	$45-60,000 depending on exp.	Int'l leader in design & manuf. of communications systems.	Northeast U.S.	BSEE deg. (MBA an asset); 10-15 yrs. of progres. bus. exp.; knowl. int'l marketplace (high technol.); U.S. nat.; 25-30% travel.	Bernard Hodes Advertising, Confidential Reply Services, File #[illegible], 711 Fifth Ave., New York, N.Y. 10022.	I.H.T. 13-9-82
MARKET DEVELOPMENT DIRECTORS	Excellent	Int'l corp.	Europe and Far East	Familiar with assigned territories; with bilingual abilities; min. 10 yrs. practical mktg. & fin. exp.	Box D 1941, International Herald Tribune, 92521 Neuilly Cedex, France.	I.H.T. 14-9-82
Export Territory Sales-Engineer		The world's second largest computer graphics manuf.		Knowl. Asia or South America; suitable knowl. & exp. selling data processing products.	[illegible], 21 bis [illegible], 1 Rue [illegible], 94015 Créteil, France.	I.H.T. 14-9-82

U.S. Reported to Delay Accord With China on Nuclear Cooperation

By Judith Miller
New York Times Service

WASHINGTON — The United States is holding up a nuclear cooperation agreement with China because of suspicions that the Chinese are giving nuclear aid to Pakistan and other nations thought to be developing atomic weapons, according to government and industry officials.

The government officials said they were disturbed by intelligence reports suggesting that China had helped Pakistan in efforts to develop a capacity to enrich uranium for weapons use.

The officials said China was also believed to have sold low-enriched uranium to South Africa through private parties. They said Chinese sales of heavy water, required for reactors that use natural uranium, were believed to have been made to Argentina and possibly to India.

Under a four-year-old U.S. law, none of those countries are permitted to purchase nuclear fuel and technology from the United States because they have refused to submit all their nuclear plants to international inspection or to sign the 1968 treaty designed to prevent the spread of nuclear weapons.

The start of U.S. talks with China on a nuclear agreement was disclosed in June. Such an accord is needed before American companies can sell nuclear technology to China.

State Department and company officials said the talks had been hampered by China's refusal to sign the treaty banning the spread of nuclear weapons or to join the International Atomic Energy Agency and abide by its inspection system or safeguards. The United States wants China to permit inspection to demonstrate that any help it gets is being used for power generation.

Moreover, the United States wants China to impose safeguards on its nuclear exports, especially to countries suspected of developing nuclear weapons, to ensure that the equipment and material is used for peaceful purposes.

"China, thus far, gives little indication that it wants to play by the rules of the nuclear club," a U.S. official said. "This poses a very sticky challenge for the international effort to curb the spread of atomic weapons."

Vernon A. Walters, U.S. ambassador-at-large, visited Chinese officials in August, seeking assurances that they would place safeguards on nuclear exports. He did not get them, officials said.

China has no nuclear power reactors but is thinking of starting a program for which it would need Western technology and equipment.

The most important project being considered is the construction of two 900-megawatt pressurized water reactors in Guangdong province.

Britain Approached

American company officials said China had already approached Britain about supplying the reactors and related technology. But the Chinese, officials said, have told the United States that they are interested in American technology.

In addition, the Chinese are contemplating building a 300-megawatt station in Shanghai using their own technology, officials said.

Suspicions about Chinese aid to Pakistan were disclosed last month by James L. Malone, assistant secretary of state for oceans and international environmental and scientific affairs. He told Nucleonics Week, a trade newsletter, that China refused to accept international safeguards.

Mr. Malone added that another problem was China's relationship with Pakistan. He declined to specify what kind of assistance China was providing to Pakistan, But he said it was likely that Chinese low-enriched uranium had ended up in South Africa and heavy water in Argentina.

China has denied providing fuel to South Africa.

China Reports 3 Clashes Along Vietnam Border

Reuters

BEIJING — China reports that there have been three clashes recently on its border with Vietnam and says a Chinese peasant was seriously injured in one of them.

The China News Service said Saturday that one incident occurred last Monday and the other two on Wednesday. China protested on Sept. 12, to Vietnam over what it said was an intrusion into its air space by two Vietnamese MiG-21s on reconnaissance missions.

Bomb Blast in Hong Kong

United Press International

HONG KONG — A bomb exploded over the weekend in the Japanese-owned Matsuzakaya department store a few blocks from Victoria Park, where about 10,000 people were protesting the treatment of Japanese wartime atrocities in textbooks, the police said. A saleswoman received minor injuries Saturday when she triggering the explosion by removing a book from a shelf.

Moon-Backed Paper Kills Review

Writer Panned Film Funded by Unification Church

By Lois Romano
Washington Post Service

WASHINGTON — The Washington Times, which is financially backed by the Rev. Sun Myung Moon's Unification Church, has decided not to publish a full-length negative review of the movie "Inchon," which received a $30 million loan from the church.

According to several Times sources, the decision Thursday not to print the review written by the paper's staff film critic, Scott Sublett, was made by the publisher and editor, James Whelan. The review had been scheduled to be in Friday's paper.

Mr. Whelan told Mr. Sublett, according to a Times source, that The Washington Times faced a conflict of interest in reviewing "Inchon," which opened in Washington-area theaters Friday and concerns U.S. involvement in the Korean War.

Moon Had Film Credit

"Inchon" was produced by One Way Productions, which is headed by a Japanese businessman, Mitsuharu Ishii, a member of the Unification Church and a close associate of Mr. Moon. The Unification Church loaned One Way Productions about $30 million to complete the movie. At the end of the film, Mr. Moon is listed in a credit as as special adviser on "Korean matters."

After reading the review, Mr. Whelan reportedly considered running a three-paragraph plot summary of "Inchon" that would also have explained why The Washington Times was not reviewing the movie.

After a press inquiry about the decision, the newspaper's executive editor, Smith Hempstone, called a meeting of the features section staff to express his outrage at the news leak about the review, according to Times staff members. The same sources said that Mr. Hempstone threatened to dismiss staff members who spoke to the press about the issue.

Sources said the editors had considered printing an Associated Press review of the movie. But in the end, the paper's Friday magazine section ran a two-sentence critical synopsis of the movie. The summary, written by Mr. Sublett, did not mention Mr. Moon's connection with the film.

On Thursday, Mr. Hempstone said that he would not answer questions about whether the review had been killed. "We don't discuss the internal functioning of our newspaper — do you?" Mr. Hempstone said.

When the paper was begun in May amid much controversy, editors assured the staff and the public that it would be independent of influence by the Unification Church. Mr. Hempstone and Mr. Whelan joined the paper after asking for and receiving contracts that guaranteed them editorial control.

In his review, according to a Times source, Mr. Sublett criticized the movie's acting and plot development. At a cost of $40 million to $50 million its producers have called "Inchon" the most expensive war movie made.

Mr. Sublett said he would not comment on the review decision. "We are an independent paper … how should I put this?" said Mr. Sublett.

The movie was shown in Washington at the John F. Kennedy Center in 1981, but its release had been delayed until now for lack of a commercial distributor.

Marcos Is Concerned by Growth Of U.S.-Japanese Military Relations

By Richard M. Weintraub
Washington Post Service

WASHINGTON — President Ferdinand E. Marcos of the Philippines has expressed misgivings about the growing U.S. military relationship with Japan and the evolving U.S. military posture in Asia.

Invoking bitter memories of Japan's actions in the Pacific during World War II, Mr. Marcos told reporters and editors of The Washington Post on Saturday that Tokyo still harbors hopes of dominating Asia, first through its economic prowess and then either politically or militarily.

"Frankly, it is a matter of political contingencies first," Mr. Marcos said of U.S. policy. "What do you intend to do? Are you intending to pull some of your units out of Asia to somewhere else, and therefore require Japan to protect itself for a while?"

Met With Weinberger

"If Japan is sold any of your arms, see that those arms are not for predatory purposes. I am distrustful of the Japanese," Mr. Marcos said.

The Philippine leader arrived in Washington Wednesday. On Saturday, he met with Defense Secretary Caspar W. Weinberger for discussions that were believed to have centered on the future of U.S. bases in the Philippines and U.S. military planning for the Pacific.

U.S. officials have been pressing Tokyo to increase its military capabilities to a point that it could assume responsibility for patrolling sea lanes up to 1,000 miles (1,600 kilometers) from Japan. That would put the outer limit of Japanese responsibility close to the Philippines.

On other subjects, Mr. Marcos said:

- The possible use of Clark Air Base and Subic Bay Naval Base — huge U.S. facilities in the Philippines — for resupply of combatants in the Middle East will be a subject of talks in April 1983.
- Support for Cambodia's anti-Vietnamese coalition under Prince Norodom Sihanouk will stop short of arms.
- Benigno Aquino, a former senator and presidential aspirant who is in exile in the United States, is free to return to the Philippines, although not without conditions. "If he comes back to the Philippines, rest assured he will be treated humanely. He thinks I will shoot him! My goodness, no! But I am not going to allow him to start a rebellion," Mr. Marcos said.

■ Rights Statements Disputed

William Branigin of The Washington Post reported from Manila:

Opposition leaders disputed on Sunday statements Mr. Marcos made in Washington defending his government's human rights record.

In particular, opposition lawyers and human rights activists took issue with Mr. Marcos's rejection of a question at a press conference about the findings of Amnesty International. Mr. Marcos said then that the London-based human rights organization "has never come to the Philippines."

René Saguisag, a lawyer, said U.S. lawyer Michael Posner and two other Amnesty International representatives visited the Philippines last year to investigate reports of human rights abuses, but got a "run-around" from the government.

A recent report by the organization cited cases of torture, disappearances and "extrajudicial executions" of detainees by Philippine authorities.

Order Gone In Zimbabwe, Mugabe Told

White Farmers Demand An End to Lawlessness

By Jay Ross
Washington Post Service

MARULA, Zimbabwe — Angry white farmers here have told Prime Minister Robert Mugabe that law and order has broken down in parts of southwestern Zimbabwe and unless the government takes immediate action, many will leave their farms.

One farmer received loud applause Saturday when he told Mr. Mugabe, who is touring the area, that "the army is responsible for 90 percent of the problems in the area" because of its lack of discipline and "brutal" treatment of the local population.

Much of the area is loyal to the opposition leader, Joshua Nkomo. Mr. Mugabe, who also serves as defense minister, has direct responsibility for the armed forces.

The Matabeleland area, the stronghold of Mr. Nkomo's minority Ndebele tribe, has been wracked by violence since Mr. Mugabe removed Mr. Nkomo from the cabinet in February and charged his party with plotting to overthrow the government.

Dissidents Accused of Crimes

More than 2,000 well-armed dissidents are believed to be at large in the area, and the government has accused them of responsibility for numerous killings, rapes, robberies and the kidnapping of six foreign tourists two months ago.

In an effort to find the hostages, two of whom are American, the government has imposed a dusk-to-dawn curfew on an area of about 5,000 square miles (13,000 square kilometers) and banned nongovernment vehicles, causing severe food distribution and transportation problems.

Mr. Mugabe met Friday night with a mainly white audience of business leaders and civil servants at the city hall in Bulawayo, capital of Matabeleland. The next day he talked here with 25 white farmers, who came from as far away as 100 miles to see him.

Calling the farmers' complaints "urgent problems," Mr. Mugabe promised to send ministers to the area to work out solutions.

Zimbabwe's white farmers have profited from high producer prices and expanded markets since Mr. Mugabe was swept into power in 1980 in elections that ended white-minority political control in this southern African nation.

The farms owned by the 5,000 whites produce most of the food in Zimbabwe, one of the few African nations not dependent on imports to feed itself.

200,000 Iran Troops Ready for New Attack Into Iraq, U.S. Reports

By Robert C. Toth
Los Angeles Times Service

WASHINGTON — U.S. officials expect that 200,000 or more Iranian troops will soon launch a new offensive into Iraq, perhaps as early as this week, to mark the second anniversary of a war that threatens to disrupt the West's main source of imported oil.

Intensified Iraqi air strikes at Iran's Kharg Island oil terminal and at shipping in the vicinity have sunk three ships since Aug. 9, quadrupling insurance rates on Iranian oil to 2 percent of the price per barrel.

Iraq could step up those air strikes still more in response to Iran's offensive. But potentially more threatening, U.S. analysts said, is Iran's threat to retaliate for any cutoff of its oil exports by sinking a supertanker in the Strait of Hormuz. Such a move would block all shipping out of the Gulf and drastically curtail oil supplies to Western Europe and Japan.

A Softer Line

There are signs, however, that Iran may be prepared to start negotiations to end the war after "one more big go at Iraq," U.S. officials said, whether the new attacks succeed or fail.

State Department officials said there are fewer calls in Iranian propaganda statements for ousting Iraq's president, Saddam Hussein. War reparations totaling $150 billion were once demanded but no figure is now being mentioned, suggesting that it has been reduced.

Also, Iranian leaders now speak of pushing the Iraqis beyond artillery range of Iranian territory, indicating a limited goal of perhaps 20 miles for any new offensive. "The Iranians seem to want the ground more for bargaining purposes in future negotiations," one military officer said.

Still, administration officials and private experts on the region are cautious about Iran's willingness to compromise. "We know more about decision-making in the Kremlin than among the zealots who lead in Tehran," an expert said.

Three-Pronged Attack

What is not uncertain, however, is Iran's preparations for renewed attacks and Iraq's countermoves on at least two fronts, according to Pentagon, State Department and other officials.

A new Iranian offensive appears certain, with 100,000 men headed toward Basra in southern Iraq. Most of the arms supplied to Iraq are unloaded at Kuwaiti ports and moved through Basra.

Pentagon officials also expect Iran to launch a second drive, with another 100,000 or more men, toward Baghdad from its border city of Qasr-e-Shirin. There also could be a third drive in a central area between Basra and Qasr-e-Shirin. These strikes would be intended more to spread Iraqi defenses than as thrusts aimed at deep penetrations, U.S. officials said, but they could permit propaganda claims from Tehran that its Islamic army is "on the road to Baghdad."

In anticipation of renewed offensives, sources here said, Iraq has bolstered its fortifications around Basra, where the Iranians were turned back five times in July with heavy casualties — 15,000 to 20,000 dead and twice as many wounded. Iraqi ammunition has been restocked and new artillery batteries set up, they said.

In addition, Iraq has evacuated some of the civilians living along the first dozen miles of the northern invasion route from Qasr-e-Shirin toward Baghdad, they said.

[In an indication of escalating military activity in the border region, the Iraqi news agency reported Saturday that Iranian artillery caused "some damage" in shelling the Iraqi towns of Basra, Khanaqin and Kasba Zerbatieh, and that its troops killed 51 Iranians in two clashes during the past 24 hours, United Press International reported from Abu Dhabi.]

"It's hard to see Iran succeeding where it failed before," one Defense Department official said. "Iranians don't know how to fight a war of maneuver, as invaders must, while the Iraqis — with about 200,000 men of their own ready — have shown they've learned a lot about defense from the Russians, who know a lot about it from places like Stalingrad."

Afghan Guerrillas Report Successes

United Press International

ISLAMABAD, Pakistan — Moslem guerrillas have recaptured the district of Arghastan in Kandahar province, southern Afghanistan, guerrilla spokesman say.

Forty regular Afghan troops were killed in the battle and nine were captured during fighting Tuesday, the sources said.

In the north, the guerrillas said that they were inflicting heavy losses in the strategic Panjshir valley, where Soviet and Afghan government troops began an offensive early this month, and that Soviet troops were pushed back from the Hazara pass and were regrouping on mountains.

Herald INTERNATIONAL Tribune
Published With The New York Times and The Washington Post

A Grave Crime

When the armed men of the Palestine Liberation Organization left Beirut under an agreement negotiated with the Israeli government by the United States government, Israel and the United States made themselves morally responsible for the security of the families that those men left behind and for the other Palestinian noncombatants who remained in Lebanon.

The United States abandoned its means to affect events in Beirut when the U.S. Marines who were part of the international force were over-hastily pulled out in the footsteps of the PLO. The Italians and French left quickly after, unwilling to police Beirut if the United States would not do so. Policing Lebanon was left to the government, such as it then was under the influence of President-elect Bashir Gemayel, who acted in the shadow of the actual power in Lebanon's southern half, the government of Israel. When Mr. Gemayel was assassinated, Israel chose to enlarge its direct responsibility in Lebanon by occupying all of Beirut.

It bears a moral responsibility, but also a legal one. An occupying power is responsible for the security of civilians, even enemy civilians. Thus, even if the massacre of Palestinian civilians which took place Friday night and Saturday in two refugee camps of West Beirut was committed by Christian militias fully uncontrolled by Israel, Israel is nonetheless responsible because it did not prevent it from happening, or halt it, although in a position to have done so.

If it should emerge that the murders were committed by the forces of Major Saad Haddad, or that his forces participated, then Israel's responsibility becomes direct and odious. Maj. Haddad commands what amounts to an auxiliary force of the Isareli Army, wholly dependent upon Israel.

This has been a grave crime, which, alas, does recall Oradour — the Nazi massacre of civilians in a French village in 1944. It also may prove to be a grave event in the course of Israel's history, by altering Israel's relationship to the West and to the United States. To avoid that, the Israeli government must examine honestly what happened, publish the truth and place the responsibility where it belongs. It obviously is also up to Israel, and to the United States, responsible for the agreement which left the civilians where they were, to ensure beyond all doubt that nothing like this will happen again.

That is the least to be said. An Israeli citizen, or a Jew of the diaspora, might wish to say more, recalling that the nation of Israel is the political expression of a community whose unity, and raison d'être, is to serve a God of justice, who, when provoked, has also proven Himself a God of wrath.

—*INTERNATIONAL HERALD TRIBUNE.*

Apartheid Marches On

South Africa embarrasses foreign apologists who argue that a race-obsessed society *will heal itself — if only outsiders would stop* carping. It has certainly been the Reagan administration's sanguine hope that a solicitous "constructive engagement" would succeed where public censure failed. But in no vital respect does Pretoria show a willingness to moderate the cruel racial laws that mark South Africa as a place apart. Incredibly, those laws may soon be made worse.

In legal theory, all of South Africa's 21 million blacks are foreigners in their own land. Each must carry a passbook and none is supposed to stay more than 72 hours in white urban areas unless expressly eligible. But legal theory has been unevenly enforced by the government representing 4.5 million privileged whites. "Unauthorized" blacks have managed to slip through the law, opening a small fissure in apartheid.

To seal this fissure, the government has drafted a measure it calls the Orderly Movement and Settlement of Black Persons Bill. Now before Parliament, the law would give the police a new nightstick, imposing on "unauthorized" blacks a curfew from 10 p.m. to 5 a.m. in all urban areas, including black townships such as Soweto, the city outside Johannesburg. The police could thus further tighten their control over the movement of blacks, leaving the "disqualified" with only 17 instead of 72 hours in urban areas.

To discourage white employers from providing illegal domicile to black workers, the government also proposes hiking employer fines for that offense from $435 to $4,350. And jail sentences would be made harsher, *meaning that a late evening stroll in Soweto* could cost an "unauthorized" black a year in prison. Exceptions would be made for blacks who were born or who have established residence in urban areas; they would be listed in passbooks as "permanent urban resident."

There is in all this a weird consistency with the bedrock notion of apartheid — that blacks are citizens of 10 impoverished "homelands." But these are nominal, and frontiers exiguous. Recently, a politically active black divinity student was told he needed a visa to return to his school from a nearby black township that had been legally designated as part of the "homeland" of Ciskei.

What mocks the legal theory is South Africa's dependence on cheap black labor, essential for white comfort and prosperity. "Permanent urban residents" now constitute a sizable portion of South Africa's blacks. Apartheid is a system for assuring political dominion over a majority whose toil is indispensable in mines and factories and kitchens.

In 1978, Prime Minister Botha warned that South Africa must adapt or die. Some modest changes have occurred, and his government proposes a limited extension of political rights to 2.5 million persons of mixed blood and 850,000 Asians. But in theory and fact, two-thirds of South Africans remain foreigners in their own land. It is an inhumanity that American silence would compound if the pass laws become still more barbarous.

—*THE NEW YORK TIMES.*

Other Opinion

Left to Be Massacred

The Palestinian issue is past being a political or a military one and has reached such a point of moral degradation that it is difficult to find words to describe it.

The Palestinians were ultimately left alone in Beirut to face the grand massacre.

—*Al-Akhbar (Cairo).*

The attacks on civilians after the withdrawal of the PLO fighting men was exactly the situation Palestinian and Moslem leaders feared when they asked for the multinational force of American, French and Italian troops to remain in Beirut. Instead, the force pulled out after the Palestinian withdrawal.

—*The Observer (London).*

After Chancellor Schmidt?

With head held high, Helmut Schmidt leads into opposition an SPD which has regained its self-confidence. Who would have thought this possible a short time ago?

—*Süddeutsche Zeitung (Munich).*

Two million unemployed, shattered state finances and a badly hit economy demand urgent action. Let the voter have his say as soon as possible.

—*Bild Zeitung (Hamburg).*

New people are to rule the country, although one may still puzzle over what they want to do and how they can do it. A clear concept has yet to emerge.

—*Frankfurter Rundschau.*

West Germany's Federal Republic has been happy in its five chancellors and Schmidt is one of the best. Intelligent, forceful, imaginative, he has completed the country's restoration to a premier position in Europe. In the past year, however, he, his colleagues in the Social Democratic Party and his Liberal allies in the government have grown increasingly at odds. The time has come for change.

The change need not necessarily be great, or for the worse. Helmut Kohl, Schmidt's most likely successor, is no Reagan or Thatcher. He stands rather to the left of his party. For the sake of West Germany, the European Community and the Western Alliance, the quicker a new government can be installed with a clear, popular mandate, the better all round.

Internationally, there is little reason to think that a CDU-led government would alter Schmidt's own stance — attachment to NATO and the U.S. alliance, coupled with an unshakable determination to remain in touch with Moscow and East Berlin.

—*The Sunday Times (London).*

It is perhaps symbolic that the crisis in Bonn was precipitated by Count Otto Lambsdorff, the economics minister, with a demand for a range of economic reforms that included cuts in Social Security benefits. This challenge enraged Social Democrats and *went to the heart of a crucial economic problem* that confronts not only West Germany but most of the developed countries: how to *sustain relatively high levels of public spending in a world without growth."*

—*The Financial Times (London).*

SEPT. 20: FROM OUR PAGES 75 AND 50 YEARS AGO

1907: Blériot's Machine Faulted

PARIS — At Issy-les-Moulineaux outside Paris, many aeronauts recently assembled to talk over the recent escape of M. Blériot. All agreed that he only escaped certain death by the fact that just as the machine was about to strike the earth he was able, by throwing his body backwards, to give the forward end of the apparatus an upward tip so that the force of the shock was greatly reduced. It was considered that the type of machine chosen by M. Blériot, while being simple in some respects, is more dangerous than any yet experimented with. The entire surface is so slight that when the motor stops no gliding movement in the descent can be counted upon.

1932: Another Plane Is Lost

PARIS — An editorial in the Herald reads: "Promiscuous flying of the North Atlantic should be stopped. The latest plane to make the attempt, the American Nurse, is now definitely given up for lost. The loss of life so far this year in Atlantic flights has been four men and one woman, while 10 other persons have been rescued after their attempts came to naught. The score against Atlantic flying is one-sided. Since 1929, 13 flights across the Atlantic were accomplished and 12 failed. In the light of what these flights have achieved for science or for the advancement of aviation, the deluge of adventurers who want to span the Atlantic is not justified."

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A Few Days Ago, Peace Seemed Thinkable

By Philip Geyelin

This column was written before the massacre of Palestinians in their Beirut camps.

WASHINGTON — That President-elect Bashir Gemayel should have been mourned as Lebanon's last great hope for peace was no more than a measure of that tormented nation's desperate state. Mr. Gemayel's conversion to conciliation with his old Moslem enemies and his rivals in the Christian community came largely after his election. The odds were long on his ability to resolve old scores and establish a strong central government, even if he survived Tuesday's bombing.

But that is precisely the point: His conversion, however expedient, was real. His reaching out to establish a government of "reconciliation" was having its intended effect. Perhaps most important, the Begin government in Israel was beginning to recognize the damage it was doing to Mr. Gemayel's fortunes by its excessive embrace.

It is against all this that the loss of Bashir Gemayel has to be measured. The measurement is to be found not so much in retrospectively generous eulogies as in the particular insight of one of the last Americans to talk to Mr. Gemayel — and to Menachem Begin, at Mr. Gemayel's request — a few days before the assassination.

The American was Sen. Arlen Specter, a Pennsylvania Republican who had taken off for Lebanon the previous weekend on behalf of the Foreign Operations Subcommittee of the Senate Appropriations Committee to examine that country's need for U.S. economic aid. His account of his whirlwind, three-day passage is well worth examining for what it says about how the stage was set before Mr. Gemayel was killed.

Sen. Specter says he found the 34-year-old Gemayel hard-pressed and "very nervous" about a crucial meeting later that day with Saeb Salam, an elder statesman of the Sunni Muslims. Mr. Gemayel had the quality of "the right man at the right time," the senator felt. He did not want to talk about aid; he seemed to count on help from Saudi Arabia and Kuwait. What he needed was "time," and this meant getting Israel to back off on its insistence on an immediate peace treaty.

Specifically, Mr. Gemayel urged Sen. Specter to use his influence on Mr. Begin; to explain that Israeli pressure was undermining Lebanon's claim to independence, endangering its relations with the other Arab states and undermining his efforts to "forge a national coalition."

The Crisis 'Might Be Soluble'

Convinced that Mr. Gemayel was "making all the right moves" (as the U.S. Embassy agreed), Sen. Specter met Mr. Begin in Jerusalem the next day. It was an evening session in Mr. Begin's upstairs study. Mr. Begin was adamant at the outset. He spoke of Mr. Gemayel's "ingratitude."

He was impatient for a peace treaty, irritated, and expansive on Lebanon's historic importance to Israel. But after long discussion of the problems, Mr. Begin softened. He finally promised Sen. Specter, in so many words: "I won't press him."

Immediately afterward, Mr. Begin came down to his living room and repeated that pledge publicly. There is confirming evidence that the Begin government, after smothering Mr. Gemayel with a crushing embrace, had indeed decided to cool.

Had the damage already been done, in a way that weakened Mr. Gemayel and even contributed to his assassination? Sen. Specter emphatically rejects the notion. Given the slim chance that Mr. Gemayel's assassins will ever be clearly identified, this theory of the case is no more worth pursuing than Israel's theory, unaccompanied by any evidence, that the PLO was responsible.

More interesting to the senator is the sense he had that, with Mr. Gemayel, there was at least some hope of Israeli restraint, of a reasonably prompt withdrawal of Syrian as well as Israeli forces from Lebanon, and of the establishment of a workable Lebanese central government.

He came away with the impression that Mr. Begin saw Lebanon as "a place he would not like to be in, but also doesn't want any trouble from."

Mr. Begin did not see the Syrians as a problem. He was "very blunt" about the probable impact on the Syrians of Israeli artillery trained on Damascus. He believed that with some face-saving, the Syrians would be willing to leave.

In short, Sen. Specter returned from his trip sharing the conviction of White House experts and State Department officials that with a special U.S. envoy back on the scene, and "reconciliation" beginning to work, the Lebanese crisis just might be beginning to be soluble.

But all that was before Bashir Gemayel's death.

The Washington Post.

Reagan Conscientiously Rejects Johnson's War

By Haynes Johnson

WASHINGTON — Even for Ronald Reagan, that was a remarkable rendering of history presented before an audience of black Republicans in Washington the other night. He was not just offering another debatable interpretation of the past. He was rewriting the main text.

Mr. Reagan's theme was the state of poverty and progress in America, especially as it applies to blacks. In his view, the Golden Age was reached in the 1950s and it has been downhill since. The villain: the Great Society.

"With the coming of the Great Society," he said, "government began eating away at underpinnings of the private enterprise system. The big taxers and big spenders in the Congress had started a binge that would slowly change the nature of our society, and even worse, it threatened the character of our people …

"The decrease in poverty I referred to earlier started in the 1950s. By the time the full weight of the Great Society programs was felt, economic progress for America's poor had come to a tragic halt."

The speech comes at the beginning of an important political season. But *it is the premises on which Mr.* Reagan bases his arguments, not the political stakes, that make it significant. Here stands his latest exposition of his presidential role.

Laissez-Faire

It is laissez-faire, hands-off, leave-it-to-private-business and let-it-trickle-down thinking. He really seems to believe that therein lies the way to redress America's social ills. That is his lesson from the past.

Lyndon Johnson's Great Society, like LBJ himself, was filled with bombast and highly inflated promises. The name itself evoked the least admirable sides of the Johnson character. It was not enough to work for a "good society," the term suggested by Walter Lippmann years before.

Nor was it enough to begin a national effort to work at easing the plight of America's poor. Mr. Johnson, amid presidential beat of drums and fanfare of hyperbolic press releases, had to declare a full-scale "war on poverty." (At the height of the "war," the total annual public bill came to $2 billion, less than the yearly profits then of one U.S. corporation, General Motors.)

And certainly there were failures, many of them. The belief in the efficacy of government programs, the growth of the "povertyticians" who siphoned off federal grant largess and kept it from going to the poor, the inclination to "study the problem" and subsequently drown it in a sea of official reports, all these were among the obvious problems.

But beyond these lay something more positive. Undeniable progress was made. At its best, the Great Society embraced an attitude that went to the heart of the American promise. It involved a recognition that a society should be judged by how it cares for its weakest members; that society strengthens itself by addressing their problems; that the problems they face and the reality of many of their lives lie beyond the ability of private businesses to solve. They require a national effort, a willingness to act.

A recollection about Lyndon Johnson is instructive. It comes from a trip with him on the presidential jet, Air Force One. In typical LBJ style, half humble, half boastful, he was talking to reporters about what he and Congress had accomplished in passing the Great Society legislation.

A Long Furrow

"A president and a Congress and a Cabinet have to plow a long furrow for next season's crops. That is what we did this year. Congress took many steps toward many long-range problems not faced up to before — rent supplements, teachers, beautification, doctors, every conceivable type of education, conservation, immigration, nurses, hospital, cancer, heart, strokes, all kinds of research, 24 bills on education alone. On civil rights we have accomplished more in 10 months than in all history put together. The same for conservation.

"I ought to be very candid. We don't know the answers to a good many of these riddles. We don't know how to unpollute the water and desalt it, but we are trying to find out. We have got programs started and we are revving them up. We don't know if rent supplements are the answer. We don't have a complete program on how to clean the air and water. We are going to try and find out. The main point is that we are not standing still. We are moving forward."

The tragedy of Lyndon Johnson, and a tragedy for America, is that his Great Society was overtaken by Vietnam. LBJ stubbornly and wrongly believed he could give America guns … wound up delivering neither, and losing both wars at home and abroad.

Even in that pivotal year of 1966, after American forces, matériel and money began pouring inland through the elephant grass of Vietnam in ever-increasing numbers, President Johnson clung to the belief that he could have it both ways.

Problems Remain

Talking to a group of black civil rights leaders, he said: "We haven't gone near as far as we're going to go in the next two years of my office, if the good Lord is willing and the creeks don't rise."

Two years later the creeks rose to flood-tide proportions and coursed over their banks. Lyndon Johnson's presidency was finished. So were his dreams for implementing and perfecting the Great Society.

That does not mean the effort of the Johnson years was ignoble, or that progress failed to occur then. What it means is that old problems remain. And it will take more than expressions of good will, talk about how great it was in the '50s and trickle-down nostrums to solve them.

The Washington Post.

The Party Is Pressing Reagan to Run Again

By James Reston

WASHINGTON — Every once in a while when he is tired or exasperated by the endless tangles of politics at home and abroad, President Reagan mutters about going home at the end of his first term.

Every American president in this century except Calvin Coolidge has talked about chucking it after one term — but discovered in the end that the alluring temptations of the White House were more powerful than booze or sex. President Eisenhower illustrated the point, and is probably more relevant to Mr. Reagan's decision than anybody else.

In December 1953, within the first year of his presidency, some of Ike's adoring supporters began telling the press that "of course he would run for a second term." Mr. Eisenhower immediately wrote to his brother Milton: "If ever I should show any interest of yielding to persuasion, please call in the psychiatrists, or even better, the sheriff. I feel there can be no showing made that my duty extends *beyond a one-term performance."*

No doubt Mr. Eisenhower meant it. Yet, although he had a serious heart attack and an ileitis operation later in his first term, he did not insist on going home. For by that time he did not quite know where home was, and asked instead for the advice of the leaders of his party.

They assembled in the White House on Friday, Jan. 13, 1956, and agreed unanimously that only Ike could hold the party together, balance the budget against the Democratic Party "spenders" and keep the peace of the world. They convinced him that the presidency, despite its strains, would actually be good for his heart, since he would be under better medical supervision in the White House than anywhere else.

Mr. Eisenhower agreed. "I have just about decided," he said, "that a first-term president, unless he has been publicly repudiated from the beginning of his term, can scarcely get his own party to think in terms of a candidate other than himself."

This is precisely the argument the Mr. Reagan, whenever on occasion they have a chance.

If he doesn't run for a second term, they say, even though he would be 73 years old at the beginning and, if he won, 77 at the end, the party would tear itself apart over support for moderate candidates such as Vice President Bush or Senate Majority Leader Howard Baker on the one hand, or conservatives like Rep. Jack Kemp of New York or Sen. Jesse Helms of North Carolina on the other. In this situation, he would, they tell him, open up the White House door to Senator Kennedy or former Vice President Mondale, either of whom would dismantle the reforms of the last two years.

Left to his own preferences, Mr. Reagan would probably prefer to turn his responsibilities over to younger men in 1984. He has played the greatest role on the world stage that any actor or politician could imagine, and is now, although he does not look it, the oldest president in the history of the republic.

The more Mr. Reagan is attacked, the more he will be provoked to try for another term. He has been stung by criticism that he has not mastered the details of his job and is too indolent or weary to work steadily for long periods. As a result, he has been much more energetic recently and is planning to campaign actively for the Republicans in the remaining weeks before the midterm elections.

Both parties are now watching this struggle and wondering what he will do. What he is doing for the time being is to fight more strenuously than ever before — against the Democrats, the allies and the Russians. He is paying no attention to the other leaders of his party, who want to know what he intends to do in 1984.

This is what most presidents do. They make the opposition guess, holding power as long as they can, as Mr. Eisenhower did. The guess here is that Mr. Reagan will not go on for another term, but that's what Ike thought, too, and he finally yielded to the pressure of his party.

Paired Up Against Madness?

By Andrew J. Glass

WASHINGTON — An F-4 Phantom with counterfeit blue-and-white U.S. Air Force markings streaks northward out of the Middle East. Hugging mountain valleys to escape radar detection, the Phantom drops a nuclear bomb on Tbilisi, the capital of Soviet Georgia, some 100 miles beyond the Turkish border.

As a radioactive mushroom cloud spreads over Tbilisi, a rusty freighter at anchor in San Francisco Bay explodes in a tremendous flash of light. A fireball consumes much of Oakland and San Francisco, causing hundreds of thousands of casualties.

Sound far-fetched? In any case, there are officials in Washington who fear that just those kinds of events could hurl us into a cataclysmic nuclear war. Their concern is founded on the rapid spread of nuclear technology and the increasing chance that terrorists could obtain an atomic weapon and the means to deliver it.

That fear haunts Sam Nunn, the Georgia Democrat who is known as the best-informed member of the U.S. Senate on military affairs. It was Sen. Nunn who sketched out the scenario of the Phantom with phony U.S. markings and the merchant vessel with a terrorist's bomb in its hold.

The main lesson the senator draws from this is that Washington and Moscow have a joint stake in preventing a retaliatory attack prompted by a well-financed maniac who believes he could inherit world power on the ashes of ruined civilizations.

Says Sen. Nunn: "You have to presume that the Soviets would react to this sort of terrorist move with some degree of sanity." Yet no one can be sure that they would. The senator recognizes that pressures could arise in the Soviet hierarchy to obliterate a major American city in response to any similar Soviet loss, despite Washington's protestation that it was not responsible.

Crisis Center

To counter that threat, Sen. Nunn wants the United States and the Soviet Union to establish a nuclear crisis center in a neutral European country. There, high-ranking officers from both sides could monitor computers and reassure their top commanders that the suspicious blips on their screens were indeed harmless flocks of geese and not a salvo of ICBMs.

President Reagan is worried, too. He has launched a highly classified inter-agency study on the kind of joint "confidence-building" steps that could be taken without undermining the U.S. intelligence-gathering apparatus. The study, to be ready in February, might serve as the basis of a major Reagan initiative in 1983 to reduce the risk of an accidental or terrorist-inspired nuclear war.

Mr. Reagan knows he has no means at his disposal to push the Communists off the planet. Yet he remains deeply distrustful of the Russians. Before he moved into the White House, he would often tell close friends that Moscow's ultimate design was to dominate the world and that the Kremlin was willing to employ any terroristic means to achieve those ends.

The president's ingrained distrust of Soviet motives will not make it any easier to implement the kind of profound counterterrorist moves that Sen. Nunn is urging.

The CIA has proof that Soviet arms earmarked for Libya and the Palestinians are winding up in terrorists' hands. Clearly, Mr. Reagan will have a difficult time curbing terrorist activities germinating in places such as Libya, without Moscow's full cooperation. He must therefore be willing to hold serious talks with the Russians on limiting worldwide shipments of conventional arms and nuclear technology transfers. So far, he has not shown the slightest interest in any such undertaking.

Cox News Service.

LETTER TO THE EDITOR

Pugwash Responds

Regarding "East-West Dialogue With a Gag" (IHT, Sept. 8): We should like to comment on some of the misleading statements in Flora Lewis' article on the recent Pugwash Conference in Warsaw.

Over the past 25 years the Pugwash Conferences have been based on our desire to keep open lines of communication between leading scientists and scholars of opposing political systems, particularly in times of tension, in order to achieve our main aim of averting nuclear war.

The invitation to hold the conference in Warsaw was made and accepted in August 1980 and confirmed in February 1982. The choice of country as a meeting place for our many conferences, symposia and workshops does not imply either approval of or opposition to the ideology of the government in power at that time; otherwise, many countries would be ineligible for such meetings, given the diversity of political views among Pugwash participants.

The agenda for the conference was fixed before martial law was imposed, but the Polish question of course was raised in the debates.

An invitation for an exchange of views with General Jaruzelski was accepted by the council, as is the custom when requested by a high official from a host country. (Such encounters have occurred many times in the past, for example in 1976 with Prime Minister Indira Gandhi when India was in a state of emergency.) Deputy Premier Rakowski also participated in a working group session which was attended by most of the conference participants.

On both occasions, lengthy discussions were held during which hard-hitting questions and comments were put to the two officials and were answered with candor. The topics discussed included the suppression of Solidarity, the reported use of brutality on prisoners, and other political and economic factors contributing to the present difficulties of Poland and their import for European security.

The letter from Andrei Sakharov, which Flora Lewis stated was effectively suppressed, was brought to our conference by one of the participants and, in accordance with our rules, was circulated officially as an information document. It was discussed in working groups and at a plenary session. There were also other papers severely critical of Soviet (and U.S.) policy on arms and on human rights, as well as the policy of the Polish government with respect to Solidarity. All were allowed free voice.

As the above indicates, we do not "cower" to the Soviets. In some Western circles we have often been considered as Soviet dupes, since they consider that anyone outside the official establishment willing to sit down with the Russians and talk of peace is automatically suspect. Equally, there are factions in the Soviet Union which consider Pugwash as an agent of the West. We do not consider that the Russians are "doing [us] a big favor by attending." Rather, their presence makes our East-West dialogue possible — a dialogue which has brought some striking successes. The Soviet Pugwash group includes some of the most distinguished scientists in that country, whose judgment we respect and whose cooperation we value in placing our conclusions before their government.

We all agree that at the present time top priority must be given to our chief objective — prevention of nuclear war. Any other issue, however important, must take second place in our efforts to reach agreement on the ways to achieve our main goal.

DOROTHY HODGKIN,
MARTIN M. KAPLAN.

Pugwash Conferences on Science and World Affairs, London.

Leftist Guerrillas Hold Hostages in Honduras Chamber of Commerce

By Richard J. Meislin
New York Times Service

SAN PEDRO SULA, Honduras — Leftist guerrillas holding about 100 hostages, including three top officials of the Honduran government, released 14 captives Saturday but threatened to start killing the rest if their demands were not met.

The guerrillas, who are believed to number 10, took over the Chamber of Commerce building in a residential neighborhood of San Pedro Sula on Friday night. A guard was killed and two businessmen were wounded in the siege, which was made during a meeting of business leaders and government officials on economic and political problems.

Details of the rebels' demands remained sketchy as efforts to negotiate continued. The guerrillas were said to be seeking the release of a number of political prisoners, including Alejandro Montenegro, a Salvadoran guerrilla leader who was arrested by Honduran security forces recently.

San Pedro Sula, about 90 miles (145 kilometers) northwest of Tegucigalpa, the capital, is the commercial and economic center of Honduras.

Among the captives were Gustavo Adolfo Alfaro, minister of economics; Arturo Corleto Moreira, minister of the treasury, and Gonzalo Carias Pineda, president of the Central Bank.

Radio reports said those released included several men with health problems, a number of women and the two businessmen who had been wounded. They were not identified. One of the captives, Armando Colomer, a businessman, escaped through a window. He said about a dozen guerrillas were inside.

Both the guerrillas and the government said two U.S. citizens were among 10 to 13 foreigners being held in the building, but a top U.S. Embassy official said latest reports were that no U.S. citizens were among the hostages.

Dozens of armed Honduran soldiers were stationed around the Chamber of Commerce building as the siege continued. Roads into the neighborhood were blocked by troops, although journalists and others walked freely across the street from the building.

The police said the guerrillas belonged to the Cinchonero Popular Liberation Movement, named after a 19th century Honduran peasant leader. A U.S. official said the guerrillas were believed to have ties to the Farabundo Marti Liberation Front, a leftist group that is one of the major factions fighting the El Salvador government.

There has been an increase in terrorist attacks in Honduras since January, when an elected civilian government replaced the longtime military regime here. There have been several bombing incidents, including one that knocked out power stations near the capital July 4. Leftist guerrillas have taken responsibility for two airline hijackings in the past year.

United Press International

A hostage, identified as Mario Belot, president of a local Chamber of Commerce, watches through a bullet-marked door in the building in San Pedro Sula held by leftist guerrillas.

U.S. Airports Are Faulted on Detecting Winds

New York Times Service

KENNER, Louisiana — Small-scale but lethal bursts of wind that can slam a low-flying plane to the ground are not being detected by weather-monitoring systems at U.S. airports, a research meteorologist says.

Dr. John McCarthy, co-director of the Joint Airport Weather Studies Project, described his findings on the wind phenomenon, which is called "microburst," at a public hearing of the National Transportation Safety Board.

His testimony came Friday near the end of the four-day hearing that was investigating why a Pan American World Airways jetliner crashed July 9. The plane fell from a low altitude soon after takeoff, killing 146 persons on board and 8 on the ground in a housing development just east of the New Orleans Airport.

Mr. McCarthy is director of the National Center for Atmospheric Research in Boulder, Colorado, which is conducting the study along with the University of Chicago. He described the microburst, a type of wind shear, as "an insidious downdraft, rather symmetrical."

Rapid Change

"The problem with the microburst," he said, "is that it increases lift and increases air speed. Then it rapidly goes away, and then it becomes a killer." Wind in a microburst can move "from zero to tremendous velocity to zero in two minutes, he said."

In research this year in Denver, Mr. McCarthy said, researchers found 62 microbursts from May 15 to Aug. 13.

Airport equipment, he said, can detect large-scale, low-lying wind shears but not the smaller microbursts — less than 2½ miles (4 kilometers) in width — that are suspected of being a cause of the July 9 crash as well as of other air accidents. "We need a new system," he said.

Mr. McCarthy also said training programs to teach airplane crews how to cope with wind shears were inadequate and should be improved to take account of new scientific evidence.

The weather on July 9 was the object of intense scrutiny at the hearing. That afternoon, witnesses said, was dark, windy and wet. A housewife testified that she had driven through "a wall of rain" in Kenner at the time of the crash.

In testimony on Thursday, a scientist questioned the hearing's focus on wind shear and offered new scientific evidence that intense rain, as brief as 20 or 30 seconds, can collect on a plane's surface and cause it to stall. The scientist, James K. Luers of the University of Dayton Research Institute, said heavy rain creates a water film and roughness on a plane's surface.

He said that in flying at a high angle, as in a takeoff, a rain-roughened plane can lose 30 percent of its lift ability. He and another researcher, Patrick Haines, found that in heavy rain a plane's air speed can diminish at the rate of about half a mile an hour per second.

Mr. Luers has begun an analysis of the July 9 crash for Pan Am insurers and a consumer group, Volunteers in Service to Aviation Safety.

"Ice changes the airflow over wings," he said. "What we're saying is, rain can do the same thing to the wings of a plane as ice or frost. It effectively roughens it so there will be a lift loss and a drag increase."

His computer studies show, he said, that many accidents in which wind shear was cited as the probable cause occurred in rainfall. He said rain's effects on the plane's aerodynamics had not been properly considered.

New York Doctors Get Guidelines On Resuscitation of Terminally Ill

By Ronald Sullivan
New York Times Service

NEW YORK — The Medical Society of the State of New York has issued its first guidelines for withholding emergency resuscitation from terminally ill hospital patients whose heart or breathing fails.

Minnesota, North Carolina, and Alabama also have guidelines, as do many individual hospitals. The guidelines are strictly advisory and have no legal authority, but medical authorities are recommending that they be used as a legal defense.

Essentially, the guidelines state that do-not-resuscitate orders should not be given unless "an appropriate knowledge of the serious nature of the patient's condition" exists and the attending physician has determined that such an order is appropriate.

Under the guidelines, a do-not-resuscitate order may be justified even though patients are receiving vigorous medical therapy.

When patients can make their own judgment, the decision should be reached between them and the physician. If they cannot, the decision should be reached after consulting family members. In the event of any disagreement, no such order should be given.

In giving an order, the guidelines stipulate the following:

- The order is to be written by the attending physician. A verbal or telephone order "cannot be justified as sound medical or legal practice."
- The attending physician is responsible for ensuring that the order is discussed with hospital staff members.
- Facts and considerations involving the order should be made part of the patient's progress notes.
- The order is "subject to review" at any time and "may be rescinded at any time."

According to New York hospital administrators, hospitals and physicians have until now been forced to adopt exceedingly conservative policies involving emergency life-prolonging measures for terminally ill patients.

As a consequence, said Arnold E. Rosenblum, executive vice president of La Guardia Hospital, terminally ill patients who should for ethical and moral considerations be allowed to die "with dignity" are being resuscitated, a result he described as "only cruel and inhumane."

In Rio, Slum Pupils Find Hope in 'Aunt Elisa'

Unschooled Former Seamstress Improvises Program to Raise Reading Skills

By Jackson Diehl
Washington Post Service

RIO DE JANEIRO — The children begin climbing up to "Aunt Elisa's" at 8 A.M., when a sea breeze blows over the mountainside. They arrive over the last ridge barefoot and distracted, some of them carrying cloth bags they will use later in the day for shoeshine gear to work on the sidewalks of Rio's business district.

Near the top of the mountain, a ramshackle room built with patchwork walls of driftwood and a tin roof and and containing a few old desks serves as their school. The schoolteacher, Francisca Elisa Medeiros Pirosi — "Aunt Elisa" to many in the vast slum of Rocinha — is gaining a reputation for teaching these rejected children how to read.

Her school has no official accreditation, and Mrs. Pirosi has had little formal education.

But in a nation where 25 percent of the adult population is illiterate, Mrs. Pirosi's method is being cited as an example of improvisation in the Third World. Her teaching effort has been bolstered by grants from the United Nations Children's Fund (UNICEF), the Brazilian government and the local American school.

"This is my palace," Mrs. Pirosi said. In Rocinha, where more than 75,000 of Rio de Janeiro's destitute live in shacks clinging to a steep, lush-green mountainside overlooking a beach where new condominiums sell for $500,000, she is right. Only one public school is available for the more than 10,000 children in the district, and many families cannot afford even to try to use it.

"There isn't money for uniforms and supplies," Mrs. Pirosi said. "And the children are needed to fetch water from the wells, to help at home . .. Any child who has a problem ... is not allowed in the public school, anyway."

Mrs. Pirosi's answer has been to operate a simple series of classes, allowing children to come and go freely between 8 A.M. and 10 P.M., and to tailor her lessons to the special problems and interests of poor children.

Hers is the model of the informal, community-organized school, apparently the only hope of education for many of Brazil's poor urban masses. "It is a different answer to a special situation," she said. "There are so many social problems, and so many children are lost."

Since opening the school in 1980, Mrs. Pirosi says, about 50 children have advanced to the second grade of the public school. The number includes pupils who had been rejected because of mental retardation or behavioral problems, she said.

In three more months, she will "graduate" 28 more, and 80 children now come to her shack. With "rhythm and compassion," she says, she can guide a willing child to semi-literacy in as little as 15 days.

It is a work of great pride for Mrs. Pirosi, 43, who has two children of her own and worked as a domestic servant and a seamstress before becoming a teacher. Mrs. Pirosi, who was born in the impoverished, rural northeast, had only one year of schooling before she married.

Eighteen years ago, in search of a better life, the Pirosis came to Rocinha, which has changed little, she says. "A lot of poverty, a lot of hunger, a lot of crime, repression, all the problems," Mrs. Pirosi said.

She began teaching after she successfully helped one of her daughters and neighbors and friends asked her to teach their children, too. With that, the idea of a school was born.

Mrs. Pirosi says she tries to have the children learn only one thing by rote — the five standard vowels, which are identical in Portuguese and English. Then she guides them through the consonants phonetically, identifying the look of each letter with something familiar. Darting about the room and mimicking the form of each letter while the children make its sound, Mrs. Pirosi turns an "s" into a hissing snake, for example, or a "q" into a man looking back over his shoulder.

"The method just seemed natural to me," she said. "All of it was just trying to get children to pay attention and remember it."

After years of working by herself, Mrs. Pirosi was "discovered" by UNICEF relief workers in Rocinha. She received a grant of about $50 last year, plus a blackboard. Other donations for the school soon came in, including a grant this year of about $75 from the city education department, but after this election year Mrs. Pirosi is not counting on government aid to keep the school going. She is hoping for a broader community effort.

American Organizations Plan Efforts To Register Voters Who Live Abroad

International Herald Tribune

WASHINGTON — Overseas voter registration drives will be held during September and early October by the Association of Americans Resident Overseas and Republican and Democratic overseas organizations.

The Association of Americans Resident Overseas plans a voter registration week next week with registration rallies at American churches, colleges, and club meetings in 17 countries. It will also sponsor debates between Republican and Democratic candidates.

Republicans Abroad will sponsor voter registration nights in September and early October in various cities in 40 nations. Democrats Abroad will have similar activities in all the countries in which they are active.

Americans overseas who have questions about voting should get in touch with:

Democrats Abroad; 157 Route du Grand Lancy; 1213 Onex, Geneva.

Republicans Abroad; 310 First Street, S.E.; Washington D.C., 20003.

Federal Voting Assistance Program; Office of the Secretary of Defense; The Pentagon, Room 1B457; Washington D.C., 20031.

Argentina Restricts Sale of Beef, Imposes Price Ceilings on Bread

By Edward Schumacher
New York Times Service

BUENOS AIRES — The Argentine government, trying to come to grips with a worsening economy, has banned the sale of beef in restaurants two days a week and imposed price ceilings on milk and bread.

"The fundamental objective we are pursuing is the reactivation of the economy," Economy Minister Jorge Wehbe said in announcing the new austerity measures Wednesday.

He was also trying to dampen an annual inflation rate that for two months has been running at more than 450 percent, he said.

Gasoline Rationing

The government also announced that a gasoline rationing plan would soon be put into effect. But the gravity of the crisis was symbolized by the ban on beef sales in restaurants, which is to be in effect Thursdays and Fridays.

Argentina is a ranching country and one of the world's leading beef exporters; beef ranging from thick sirloins to grilled sweetbreads is a staple of the Argentine diet.

Mr. Wehbe said he was seeking to cut demand for beef in hopes of stopping the rise in beef prices, which have almost tripled in the last two months.

A kilogram (2.2 pounds) of round steak averages 74,000 pesos, which is just under $2, but Argentine incomes are depressed. In mid-July, a kilogram cost 35,000 pesos.

The new economic package was the latest in a series of measures by the 11-week-old government of President Reynaldo Bignone, a retired army general, that have moved the country from the military's former free-market orientation to a more state-controlled economy in an attempt to deal with the crisis.

Many opposition economists and political leaders have criticized the economic measures as too little. Former Economy Minister Aldo Ferrer called them "mere palliatives." Francisco Manrique, head of the centrist Federal Party, said the price controls would lead to shortages and a black market.

Vera Stravinsky Dies in N.Y.; Composer's Widow Was 93

New York Times Service

NEW YORK — Vera Stravinsky, 93, second wife and widow of Igor Stravinsky, died Friday at her apartment here. She had suffered a stroke in June.

Born Vera de Bosset, she was raised on a country estate between St. Petersburg and Moscow. She played Helen in a Russian silent film version of "War and Peace" before moving to Paris where she painted and supervised the making of costumes for Serge Diaghilev's revival of "The Firebird."

In later years she had 30 exhibitions of her paintings in Tokyo, Tel Aviv, Mexico City, London, Paris, Berlin and other cities.

She and Stravinsky met in 1921. When Stravinsky decided that he could not live without her, he insisted that his wife, Catherine, meet his mistress. Catherine died in 1939 and Vera married the composer the following year.

Panos Ioannou

NICOSIA (UPI) — Education Minister Panos Ioannou, 55, who introduced ambitious new education programs shortly after his appointment last April, died Saturday when his chauffeured car collided with another vehicle.

Mr. Ioannou had been pursuing plans for the establishment of a Cypriot university for members of both the Greek and Turkish communities.

Christian Ferras

PARIS (AP) — One of France's leading violinists, Christian Ferras, 49, died suddenly in Paris early Wednesday, his family announced. The cause of death was not given.

At the age of 10, Mr. Ferras received the first prize of the Nice Conservatory. He won the first prize of the Paris Conservatory in 1946, where he studied with Rene Benedetti and Joseph Calvet.

Mr. Ferras then started an international career with leading orchestras and conductors, notably recording the romantic concerti of Beethoven, Tchaikovsky, Sibelius and others with Herbert von Karajan. Since the recent retirement of Zino Francescatti, he was considered one of France's leading concert violinists.

International Bond Prices — Week of Sept. 16

Provided by White Weld Securities, London, Tel.: 623 1277; a Division of Financiere Credit Suisse - First Boston

RECENT ISSUES

Amt	Security	Str/Conv	Issue Pr.	Mid Pr.	Yield
dm 100	Mcdonalds Finance 8 1/4 % 1992 Oct	s	100	100	8.24
dm 150	New Zealand 8 1/4 % 1989 Oct	s	100 1/4	100	8.24
dm 100	Electricite De France 8 7/8 % 1992 Sep	s	100	99 1/2	8.95
$ 50	Montana Power Intl 14 1/4 % 1989 Sep	s	99 3/4	98	14.71
$ 100	Cie Fin Paribas 13 7/8 % 1989 Sep	s	100	96 1/2	14.69
dm 100	Ireland 9 1/2 % 1987 Sep	s	100	99 1/2	9.62
$ 100	Bank Of Tokyo Curacao 13 7/8 % 1989 Sep	s	100	99 1/4	14.04
$ 100	Province Of Manitoba 13 3/4 % 1989 Sep	s	100	99 1/4	13.92
dm 100	Austrian Control Bk 8 7/8 % 1989 Sep	s	100	99 1/2	8.97
$ 200	Deutsche Bank Fin 13 1/2 % 1989 Sep	s	100	97 3/4	14.01
dm 100	Norsk Hydro 9 % 1992 Sep	s	99 1/2	101 3/4	8.73
$ 100	Fluor Finance 14 % 1989 Sep	s	100	98 1/4	14.40
$ 50	Girozentr Sparkassen 15 1/4 % 1989 Sep	s	100	100	15.24
$ 100	Manufact Hanov Ex/w 13 1/2 % 1986 Sep	s	100	98	14.17
$ 200	Pembroke Capital Co 13 3/4 % 1992 Sep	s	100	100	13.74
$ 100	Xerox Finance 14 % 1987 Aug	s	100	101	13.71
$ 200	Du Pont Overseas Cap 14 1/8 % 1989 Aug	s	100	101 1/2	13.78
dm 100	Black & Decker Fin 9 1/8 % 1989 Sep	s	99 1/2	100 1/2	9.02
$ 100	Ibm Credit Overseas 13 7/8 % 1987 Aug	s	99 3/4	103 1/2	12.89
$ 50	South Califor Gas 14 3/4 % 1989 Sep	s	100	102	14.28
dm 100	Itt Antilles 9 1/4 % 1992 Aug	s	100	100 3/4	9.13
$ 100	Sperry Curacao 15 % 1989 Sep	s	100	99 3/4	15.05
$ 100	Deutsche Bank Fin 14 1/4 % 1989 Aug	s	100	99 3/8	14.39
dm 100	Air Canada 9 % 1992 Aug	s	100	101	8.84
$ 60	Pacific Gas & Electr 14 3/4 % 1990 Aug	s	100	102 3/4	14.16
$ 150	Saskatchewan Prov 15 % 1992 Aug	s	100	103 1/2	14.32
$ 125	Long Term Credit Bk 15 1/4 % 1989 Aug	s	100	102 1/4	14.72
$ 75	Db Singapore 15 1/2 % 1989 Aug	s	100	101 1/4	15.20
$ 30	Prov Of Quebec 14 1/2 % 1989 Aug	s	100	101 3/4	14.09
dm 100	Swedish Export Credit 9 1/2 % 1987 Sep	s	100 1/4	99 1/2	9.62

STRAIGHT BONDS
All Currencies Except DM

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
	AUSTRALIA						
$ 30	Australia	5	'83 Apr	96	12.90	19.86	5.21
$ 50	Australia	8 3/4	'83 Jun	96 1/2	13.85		9.07
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

HIGHEST YIELDS to Average Life Below 5 Years

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

HIGHEST YIELDS to Average Life Above 5 Years

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

HIGHEST CURRENT YIELDS

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

(Continued on Page 12)

World Energy Crisis Lessens; Experts Warn Against Complacency

By Joseph Fitchett

LONDON — The energy crisis seems to be becoming a cyclical issue, a little like the food crisis that periodically grabs the headlines when harvests fail.

Never again to be ignored as an economic factor, energy nonetheless appears to be available via the market in quantities and at prices keeping pace with economic growth and energy demand, most experts say.

The latest serious report, issued by Standard Oil of California last month, predicted permanent oil savings above recent projections of 50 billion barrels — the equivalent of discovering a new Saudi Arabia.

But the same optimistic experts — perhaps sensing that they may be working themselves out of a job — immediately inject two caveats against complacency.

Catastrophe in the Gulf could cause economic upheaval again in the industrial countries, Third World and producing nations alike.

Secondly, the oil shocks in the 1970s — OPEC 1 and OPEC 2 — have spurred an extensive industrial transformation, relocating a lot of manufacturing in the newly industrializing countries with cheaper labor and forcing advanced countries to specialize in more sophisticated forms of technology using less energy. While this change undoubtedly would have happened anyway, the revaluation of energy brutally accelerated the pace.

Although the situation has in some ways steadied, the effects of the grave upheavals of the 1970s have apparently still not been grasped by everyone, including some people in the energy business. Recent developments, such as the Mexican financial crisis and the growing debt exposure of Eastern Europe, underscore the continuing impact of oil, spurring overinvestment in some places and undermining existing industry elsewhere.

The loss of OPEC's surpluses — the 13 member states are expected to show a combined deficit of $9 billion this year — has drained a pool of capital. Meanwhile, the price of oil is still high, a special burden on developing countries whose debts are coming due.

In industrial countries, the drastic changes in consumption patterns are evident in the crisis in refining: overcapacity has mounted because some operators failed to read the numbers and others were reluctant to close down themselves if there was a chance competitors might fold first and leave the field open.

Forecasting, more necessary than ever, remains a perilous art.

But an overriding conclusion about the energy outlook is that another surge in energy prices seems highly unlikely in this decade. "Only an astonishing rise in developing countries' demand or a revolution in a major producer can alter the flat outlook for oil," said a Paris-based International Energy Agency expert, who is convinced that Western industrial nations never again will import as much oil as they did in 1979. However, the Third World seems the ultimate victim of the energy crisis, suffering from both shortage and glut.

The impression of glut colors almost everyone's thinking — creating inertia, reinforced by the high cost of investment. Synthetic fuels have died. Coal and nuclear energy are hamstrung by this combination of high costs and lessened sense of urgency, as is gas. Gas development also has acquired a political overtone because of the Soviet Union's position as potentially the world's greatest supplier.

The Organization of Petroleum Exporting Countries appears to have lost its whiphand, although this view is contested by some who look at history to predict the future. In the short run, however, most analysts believe that OPEC has lost its ability to influence the price in any direction other than down. "Saudi Arabia, for example, has the excess capacity to lower prices and increase its market share," an analyst said, adding: "But in practical political terms it lacks the leverage to pull up prices."

In this context, voices calling for dialogue between oil producers and industrial countries have fallen silent because of the lack of pressing mutual interests or interesting mutual forms of pressure.

Strategists therefore have the last word, as trends in stockpiling show: Business wants to shave its costs, profiting from the current calm, while government wants to put in place the kind of defenses that would have provided effective protection in the last crisis.

OIL AND ENERGY

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SEPTEMBER, 1982

Europe: Unified Market For Gas

By Marcello Colitti

ROME — In one of the most dramatic recent developments in the energy field, a unified European market for natural gas is now a reality. But the trend toward the creation of an international natural gas market has lost much of its glitter.

In the last decade, the map of Europe has been crisscrossed with gas pipes, carrying not only inter-European trade (for example, from the Netherlands to Italy), but also gas from outside Europe (notably from the Soviet Union).

With the completion of the trans-Mediterranean gas line from Algeria and Tunisia to Italy, the feeders supplying the European market began to resemble spokes in a big wheel: the hub in south central Europe, a north-south feeder from the Netherlands to France and Italy, a northeast-to-southwest feeder from the Soviet Union to West Germany, France and Italy, and a south-north feeder from Africa to Italy. In this pattern of interconnected feeders, only one spoke is missing, a southeast-northwest feeder bringing gas from the Gulf to Europe.

Japan offers a similar model: actual and projected sea lanes for liquefied natural gas shipments are the spokes, converging on the hub, a gas-hungry Japanese market.

All this undoubtedly amounts to a grand design. It represents a startling change from traditional oil company thinking: gas had been relegated to the role of a "regional fuel" because it lacked the ease of transport and flexibility of use offered by oil.

Gas Demand Increases

By the late 1970s, however, natural gas seemed clearly on the verge of overcoming limitations to its long-range marketability and being considered as a serious menace to what had been up to then its senior partner, liquid oil. The oil industry became increasingly preoccupied by the competitive threat posed by gas to the range of oil products in the middle-distillate category.

Gas acquired such momentum for several reasons. In pursuing the expensive investments and complex negotiations involved in elevating gas to a major European fuel, European and Japanese energy strategists were responding to a favorable market situation.

Gas demand — for domestic, commercial and industrial uses — was increasing so quickly that even countries like Italy, which had developed its markets on internal resources, had to start importing supplementary gas.

An added sense of urgency arose from the potential exhaustion of the big field in the Netherlands' field. Since energy consumers and governments had negative expectations about oil availability and prices, big gas projects assumed the fashionable character of diversification efforts, reducing oil dependency and enhancing energy security.

New Technology

The spread of gas also was encouraged by the development of new pipe-laying techniques and complex logistical systems of gas transport and distribution. As engineering companies competed to become leaders in these growing fields, gas operators in the European and Japanese markets, reassured that the main technical obstacles had been overcome, felt that only economic factors could reverse the trend to an even larger natural gas supply.

Once the oil industry tilted toward gas, the "rigidity" of gas became an additional factor of momentum. Investment to bring gas to the market comes in very large chunks and must be big or nothing. Liquefaction plants, liquefied natural gas ships and terminals and long-range pipelines entail big economies of scale and low marginal costs. So, given the structure of costs and the need for continuous operations, gas companies have a strong incentive to supplant oil even beyond strict barrel-for-barrel economics.

Companies that sell both gas and oil products have discovered that, once a large natural gas contract has been signed and operations have started, there is no possible retreat. In competition, oil will have to give ground in almost all cases.

Downward Revision

However, the current outlook involves drastic downward revision of the prospects for the emergence of an international natural gas market.

The largest liquefied natural gas project in West Africa, Nigeria's Bonny project, failed after big investments of capital and effort. The collapse shook oil and gas companies around the world. The Algerian-Italian gas project has slowed due to a late request for price increases. Political tensions surround the new Soviet-European pipeline.

Behind these developments, important factors are threatening the development of natural gas supplies.

The reduction, or at least stagnation, of energy demand has instilled great prudence in those involved in large projects that would finally move energy on a scale equivalent to tens of millions of tons of oil.

Of course, demand for gas is still on the increase. But introducing a bulky additional gas supply in a generally stable energy market is much riskier than doing so in a climate of mushrooming demand for energy. In the first case, every cubic meter sold must displace another fuel, while in the second case, incremental energy demand is the target.

Uncertainty is another influential factor. The oil and gas industry has incompletely explained the slowdown in oil demand: it still is — or pretends to be — uncertain whether to explain it as a "structural" change due to industrial adjustment or simply as the side effect of general economic recession. The general feeling of uncertainty makes any kind of long-term commitment seem unsafe, especially since nothing is more uncertain than future prices.

Meanwhile, prices of capital goods, driven by inflation compounded by interest rates, have rocketed at a rate that has transformed what in many cases previously looked like perfectly reasonable long-term commitments into multibillion-dollar fantasies.

The impact of these changes has been to refocus European and Japanese gas projects on gas sources nearer the consumption areas.

It is therefore not surprising that European industry and government maintained the Soviet pipeline despite U.S. pressure. (Another key factor is the reluctance of North European countries to make available the great quantities of gas that lay buried in their seas.)

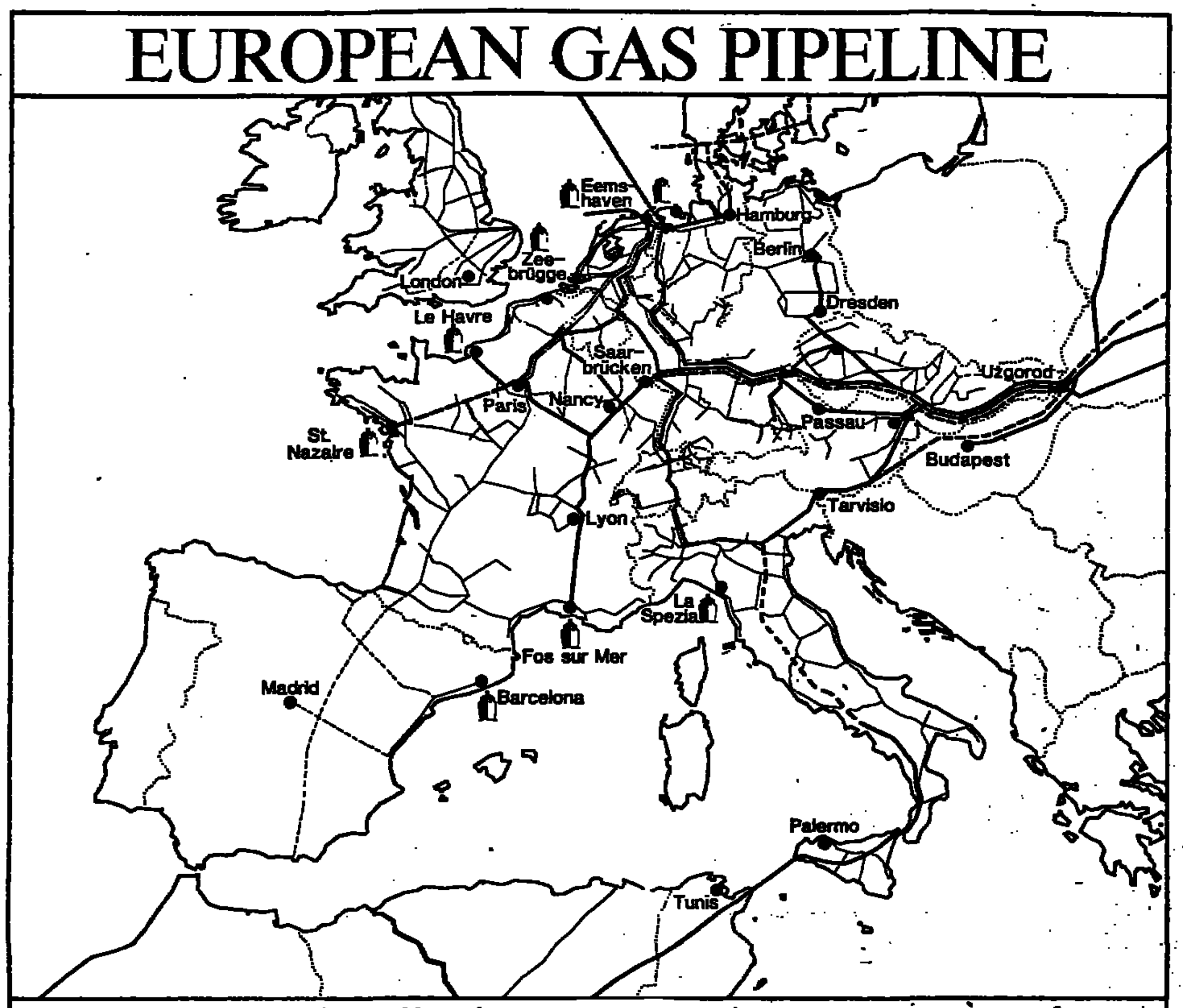
Governments and companies in Europe are convinced that they are trying to secure a relatively cheap and safe supply of energy while complying with the oil substitution policy adopted at Western summit conferences.

Effect of Price

The most difficult obstacle for gas development is not political: it is price.

Gas can still price itself out of the market, especially if the seller ignores the difference in transport costs between oil and gas and if he asks a supply price calculated on the premium users. Some customers always can pay top prices for energy, but they may not be numerous or large enough for an important project to reach optimum economic size.

Linking gas prices to oil prices might help rationalize the energy market. But if it puts gas in a competitive position with oil, especially with Middle East distillates, inflated gas prices eventually will depress demand and cause gas to share with oil the dubious privilege of being substituted for by cheaper, if clumsier, sources. And the gas still undiscovered and undeveloped around Europe could then very well remain there forever.



Gas Links of the European Pipeline Network
- Completed
- In the Building or Planning Stage
- National Sections
- Liquid Natural Gas (LNG) Terminals Already Completed or in the Planning Stages

The Majors Reducing Scope of Operations, Diversifying Rapidly

By Joe Roeber

LONDON — The large oil companies, while they enjoy great advantages over competitors because of their size and technical competence, have lost the special privileges that earned them the title "majors."

While executives do not relish the implications of this change in status and prospects, the oil companies are, nonetheless, reducing the size of their operations and diversifying their objectives to fit their new condition as the oil industry becomes more like other industries. Just as the oil market is becoming more like any other market (witness the growth of futures trading in oil in New York and London), the direction of change will carry the majors toward less entreprenurial derring-do and the status of regulated utilities.

The majors' future, in one sense, is simple. They are large and have access to great wealth. They have enormous investments and a dominating position in their main markets. They are technologically supreme in the industry from exploration to retailing.

Yet the question is being asked: "What is the future role of the majors?"

Prospects Change

It is asked because the majors have lost their traditional power base: ownership of crude, now gone with nationalization in low-cost producing areas. Windfall profits taxes threaten strikes in politically secure areas.

The industry's prospects have changed from growth to decline or, at best, stability. And the majors have lost their role at the core of the world oil industry, as guarantors of its stability and consumer interests.

Only the four ex-Aramco partners — Exxon, Shell, Texaco and Mobil — retain any claim to the status of major because of their continued access to Saudi crude oil on special terms. Even that special deal is anomalous in today's industry and could prove short-lived.

Of the rest, British Petroleum's claims to membership in the group of "Seven Sisters" was based on a genius for exploration and access to more crude than it knew how to handle. Gulf seems to have lost heart. Shell, forced by historical necessity to find its strength in the markets, is coming into its own. An honorary sister, Compagnie Française des Petroles, may revert to a national role.

But the idea of "the majors" lives on. It is embodied in the structure of the industry and, more subtly, in the expectations of powerful groups: governments, who look to the industry for security in times of crisis; unions, for employment; motorists, politicians and the general public.

More Flexibility

The companies themselves are becoming more realistic. All of them are concentrating on the product markets. And most realize that there are advantages to being arm's-length buyers of crude oil in current market circumstances: it is cheaper and more flexible than being locked into long-term contracts.

However, to cope with marketplace turbulence, companies are seeking to shorten the lengths of time involved in both crude purchasing and product-sales commitments, as evident in new stock policies designed to reduce the companies' holdings.

However, distinctions among the majors remain sharp. The four companies with Saudi crude can run centralized supply systems along traditional lines. As long as the crude is available, the safety of supply makes it overwhelmingly attractive to continue — even though often expensive because Saudi oil is priced higher than spot-market oil.

Differences among the majors are also evident in the ways in which they are positioning themselves in the market for the long run. In this context, the recent attempts to diversify away from oil now seem to be not so much illogical as ill-judged.

It was natural to diversify into other energy sources or minerals. But there was less industrial and financial logic in such moves as Exxon's into the electrical manufacturer Reliance or Mobil's into Montgomery Ward. As a use for shareholders' assets, these changes proved over-ambitious: managements never seemed to consider the idea that a major might stop growing — or even shrink.

Radical Adjustment

Even in handling oil, the majors are having to adjust radically. Gulf is withdrawing from the international scene. Shell and BP both appear to be reorganizing to give more autonomy to local affiliates. Their new structure will lack the economies of scale obtainable from centralized operations, but they are probably more robust in turbulent conditions.

For example, they will probably be more flexible in seeking crude at the best available prices. Although people still talk carelessly about the majors' "flexibility" — presumably in contrast to the rigidity of government-to-government deals and other direct purchases — what is meant is access facilities to a centrally managed pool of crudes. In reality, a decentralized system, with many independent decision-making centers, will probably prove much more flexible than a large, centrally managed organization.

These organizational questions about access to crude are long-term issues: today, crude supply is not a constraint, and the loss of security and flexibility offered by ownership does not bear heavily on the big companies for the moment. (In fact, long-term commitments have recently proved to be the most costly because of the soft current oil market.)

The immediate and urgent problems facing the industry, particularly in Europe, are how to cope with declining demand: this is most brutally evident in the crisis of the refining sector.

It is an industry that is, or certainly has been, run by engineers — although this is another area where companies vary widely. The engineering solutions to the problem of international supply were brilliantly successful. But the industry has slipped from the majors' control into the marketplace and the problems of the market are not amenable to engineering solutions.

Refineries: Closures Highlight Reality of Massive Overcapacity

Special to the IHT

PARIS — During the summer holidays, British Petroleum started closing down two of its four refineries in Britain, idling hundreds of workers and effectively cutting its British capacity by about half.

The BP announcements were among the latest in a string of closures underlining the severe shakeout under way in refining as the oil industry faces up to the problem of colossal overcapacity.

Predictably, experts say, political pressures and competitive maneuvering among the major oil companies are hindering the inevitable retrenchment.

Demand has dropped far below capacity because of a shrinking world market for petroleum products and looming competition from oil-exporting nations whose new refineries are challenging the traditional industrial centers.

The majors, starting to pull out of peripheral markets, are concentrating on reducing their traditional refining role and beefing up marketing operations instead. But is that enough to cope?

Already, problems are evident, especially in Western Europe, which traditionally handled one-quarter of the world's refining and where today about two-thirds of total worldwide overcapacity is concentrated. The cuts will hurt most there, partly because some countries will be deprived of a strategic asset, partly because unemployment will increase.

Scrapped expansion plans and a rash of "easy," mostly partial, refinery closedowns in the late 1970s were inadequate to restore profitability. The two oil price shocks

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Forecasting Acquires Vital Importance as World Scene Evolves

By Nick Snow

WASHINGTON — Forecasting energy behavior, once considered a simple problem, has acquired new sophistication and new corporate importance as the major oil companies seek their way in a changed world.

Scenarios have replaced straight-line projections as the preferred model, the context has become less U.S.-oriented and more international, and many more variables have entered the forecaster's world, according to analysts providing the projections on which policymakers in the executive suites base their strategies.

It is a risky trade. Exxon, for example, whose annual forecasts were a reference work for analysts, decided not to publish one in 1982. "If we issue scenarios, people don't know what to make of them; if we publish a straight-line projection, people think it is gospel even if we don't," an analyst explained.

Companies, in contrast to government agencies, tend to work with a "bottoms-up" approach, analyzing industrial and other demands sector by sector, first in the field and then at headquarters, to get an overall picture. Governments usually start with a national economic model and then feed in energy variables.

In addition, politics inevitably color published forecasts: for example, intergovernmental agencies hesitate to incur politicians' wrath by assuming continued low economic growth while oil companies naturally dislike more optimistic assumptions about oil and gas availability.

Behind Developments

As a result, few forecasts, governmental or private, have managed to get ahead of developments in recent years, and analysts are scrambling to get a better handle on energy behavior.

"When oil supplies seemed unlimited, our forecasting was primarily demand-oriented, but we have slowly built up the capability of looking closely at countries, products and potential supplies," one economist said.

Computers, according to another analyst, have "allowed us to acquire a lot of sensitivity, to ask, "What if?" Predicting a price move, the computers project a supply range and then examine what kind of impact the hypothetical supply outlook might have on prices.

Tor Meloe, chief economist at Texaco, said his company's geologists and production departments still provide data for projecting supply patterns 20 years out; but the forecasters still have to rely on

(Continued on Page 11S)

Supplies and Prices: Major Changes in Inventory Levels

Special to the IHT

PARIS — Changes in oil inventory levels have emerged as an important factor for policymakers to consider in judging the outlook for oil supplies and prices.

Recently, some oil ministers from the Organization of Petroleum Exporting Countries have blamed the rapid decline in demand for OPEC oil on a conspiracy between multinational oil companies and the International Energy Agency to purposely reduce oil stocks to put pressure on prices.

In fact, IEA officials say that they have been fighting a major battle to convince member governments to maintain oil stocks at the high 1980 level despite the heavy interest-carrying charges.

However, new market conditions following the dramatic oil market developments of 1979-1982 seem to have changed the industry's stock policies.

Historically, the industry has been off balance in recent years. Following the winter of 1979-1980, the industry rebuilt stocks beyond normal historical operating levels in view of an uncertain future supply and price outlook. The industry, together with everybody else, consistently overestimated oil demand and thus ended up with higher stocks than expected.

This heavy stockbuild was a destabilizing market influence, creating upward pressure on the spot price, followed by official price rises.

By contrast, high industry stocks restrained market panic in late 1980 when companies drew on stocks to meet the supply disruption caused by the Iranian-Iraqi war.

When the war started in the fall of 1980, there was a commercial stock cushion of about 500 million barrels above normal operating levels, and consumption was declining at a rate of 8 percent a year. The existence of a large surplus of usable stocks made it easier for companies to avoid replacing lost supplies in the winter of 1980-1981.

This year, the stock draw the first quarter was not unusual based on historical experience, but inventory reductions of nearly 2 million barrels a day in the second quarter were a dramatic break with the normal seasonal pattern of industry stockbuild.

There is no doubt that these inventory reductions exacerbated OPEC's problems by further reducing demand for its oil. However, market forces and not a conspiracy by industry and/or government were the cause.

However, some companies are adopting more flexible stocking policies in today's oil market, industry sources said. In the past, seasonal changes — requiring heating oil and fuel in the winter and more gasoline in the summer — meant that companies built heating and fuel oil stocks in the summer (for use in winter) and gasoline stocks in winter.

Now companies are eagerly looking for ways to reduce stocks because of the high cost of stockholding — 50 to 60 cents a month per barrel — amid expectations that the same barrel could be bought at a lower real price in the future on the spot market when needed.

In addition, companies expect more flexibility because of shorter average travel distances for crude oil, increased supplies from apparently secure sources, the existence of ample spare crude oil, spare refining and tanker capacity.

If industry has its way, the old pattern of seasonal consumption — that is, building stocks in summer for use in winter — will be smoothed out considerably as companies wait to buy oil until needed.

As a result, producers may be faced with bigger seasonal increases and reductions in liftings.

This shift in stock policy, however, leaves open the question whether commercial stocks can ever be used to abate price pressure.

Could stocks have been used to prevent the 1979 oil price jump? There are many experts who maintain that, when the relatively small imbalance between oil supply and demand occurred in early 1979, a policy of government intervention to release enough oil to satisfy the excess demand would have limited the price increases later.

While some price increase was inevitable due to production capacity limitations, if governments had released stocks prudently, most experts believe that only a small price increase would have occurred in 1979 and again in 1980. The benefits of such government intervention would have been measured in terms of hundreds of billions of dollars annually.

The total oil held in the supply chain — crude oil, refinery feedstock, blending components and finished products — may amount to [illegible] billion barrels — equal to the amount of oil the world consumes during a six-month period.

Primary inventories held by the oil industry are now estimated at about 4.5 billion barrels. This includes what the industry calls usable commercial inventories plus the additional stocks that most governments require the oil industry to hold for potential use during supply emergencies.

The volume of stockpiled oil to effectively damp the oil market is not insignificant, but the social cost is not very high if spread over the totality of oil use. About 2.25 billion barrels — six days of OECD consumption — would have covered the physical shortfall during the 1979 and 1980 supply disruptions.

A higher volume, 3.5 billion barrels — 10 days of consumption — could have added a powerful psychological effect. The total capital and storage costs of this stock would have been about $12 billion to $18 billion.

Commercial stocks therefore can play a price role in special circumstances. But it is one thing for governments to tell industry to maintain stocks; it is something else to make industry pay for it.

The questions remain who will control the stocks, who will pay for them and what mechanism will be used to release them and under what circumstances.

At a time when consumer inventories are low and the industry is moving toward lowering operating stocks to cut costs, government-owned strategic reserves are likely to play an increasing role in guarding against future supply interruptions.

Symptoms of World Malaise In Nuclear Power Industry

By Thomas R. Stauffer

VIENNA — Reports of the death of the U.S. nuclear industry are exaggerated or at least premature, but symptoms of nuclear malaise remain apparent — despite the Reagan administration's rhetorical support for nuclear energy.

Not a single nuclear power plant has been ordered in the United States since 1978. Indeed, in the last seven years more reactors have been canceled than completed. In 1975, 180 nuclear power reactors were planned or under construction in the United States. Only 20 reactors have been completed; fewer than 90 remain on order and their development often is being stretched out or questioned.

The outlook is slightly brighter for the nuclear industry elsewhere. In France, the utilities program proceeds unimpaired despite some initial Socialist anti-nuclear rhetoric. West Germany still is undecided but moving forward on waste processing — a key contention. Meanwhile, some oil-exporting states, including Egypt and at least one Gulf country, are seriously considering nuclear power both for electricity and water desalination.

The U.S. example, however, should not be an international model: the United States is in a uniquely privileged position because of its cheap coal.

Unlike most other industrial countries, the United States can forsake the nuclear option with a minimal cost penalty (estimated at 15 percent) and no balance-of-payments burden.

Record a Paradox

The U.S. nuclear record is a paradox: past success yet a cloudy future. If some trends continue — opposition now is gaining ground fast — nuclear output could decline. Yet nuclear energy, in spite of its highly publicized difficulties, has contributed more to cutting U.S. oil imports and increasing energy security than any other government-sponsored program.

Nuclear power last year saved U.S. electricity consumers almost $10 billion.

Since the 1973 oil embargo, 35,000 megawatts of nuclear power have been completed in the United States (nearly twice as much as the total French nuclear program).

They displaced 900,000 barrels a day of imported oil — more than half the current U.S. oil imports from Arab sources.

President Reagan, in contrast to the last administration's anti-nuclear stance, has tried to follow up these successes, and presidential commitment did bear some fruit.

The fast breeder reactor at Clinch River in Tennessee has lurched forward: last month the Nuclear Regulatory Commission authorized on-site construction and the steam generators were commissioned.

So the unlicensed, much-contested breeder is closer to becoming a *fait accompli*.

A bill facilitating the construction of central sites for storing spent radioactive fuel passed the Senate and is before the House.

Spokesmen for the nuclear industry see the bill as having inestimable "psychological value," the first supportive measure after many years of restrictions and a critically needed symbol to restore morale and catalyze public confidence.

The administration also pushed through completion of the fuel reprocessing plant at Barnwell, South Carolina.

Vehicle of Expression

The nuclear debate continues unabated, sometimes fueled by events such as the accident at Three Mile Island and often metamorphosed by automobile bumper stickers, the newest vehicle of U.S. political expression.

The anti-nuclear partisans charm opinion with whimsical slogans like "Split Wood, Not Atoms" while the pro-nuclear enthusiasts tend to be heavy-handed, for example, "Senator's Kennedy's car killed more people than nuclear power."

And some observers, predicting a nuclear retreat by the current administration, point to the recent expedient reversal on tax policy as a precedent.

President Reagan's pledges have not addressed basic obstacles, failed to make the real economic case for nuclear plants and, therefore, the trend toward nuclear retrenchment continues.

The strategic value of an accelerated nuclear program remains an unfulfilled promise. New nuclear power plants could cut U.S. oil demand by another 1.5 million barrels a day — the equivalent of eliminating imported Arab oil.

But the Tennessee Valley Authority recently deleted four stations on which $1 billion had already been spent; Boston Edison this year aborted its Pilgrim 2 station, writing off $400 million of partly completed work.

Current, Future Problems

Meanwhile, existing stations are running short of storage space for used nuclear fuel, and more than 25 reactors — fully one-third of all operating nuclear capacity — face shutdown by 1990 if provision is not made soon for off-site disposition of spent fuel.

No "away-from-reactor" storage facilities exist and restrictions on moving radioactive material through populated areas are severe.

The administration's bill to authorize storage sites may be too late: even if it passes, the long lead times will be compounded by action for environmental review.

Economic and financial obstacles, more than environmental questions, have become the largest threat to nuclear power in the United States.

High interest rates, escalating construction costs, low electricity rates and uncertain construction schedules have killed at least a dozen plants in the last two years.

Ironically, although nuclear plants are cheaper than oil, substituting nuclear power for oil can raise consumer prices in the short run because they depend on regulatory rulings.

This perverse effect is compounded by the formula used by U.S. utilities to price electricity under which most of the costs are loaded on the first years of a plant's operation. As a result of the utilities' accounting practices, the economic benefits of nuclear power are camouflaged, so consumers coalesce with anti-nuclear activitists to oppose short-run electricity-rate increases..

As a result, the utilities cancel more nuclear plants, and banks question the ability of regulated utilities to raise electricity charges enough to service their debts.

The problem escapes federal jurisdiction because most electricity rates are set in every state by public service commissions, which are responsive to political pressure from this new alliance of consumers and environmentalists.

Matter of Perception

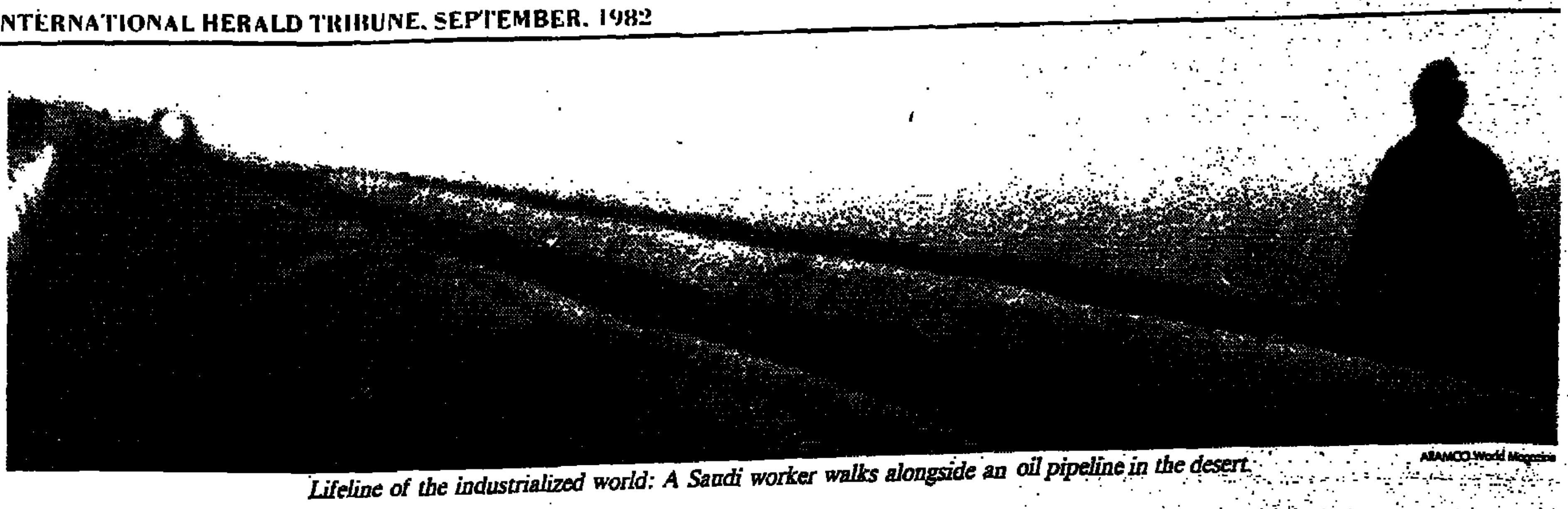
Consumers cannot perceive the savings from nuclear energy, and the utilities cannot prevail.

Nor can the administration.

There exists no important pro-nuclear U.S. political constituency. The pro-nuclear groups that do exist are ineffective. The Fusion Energy Foundation has reportedly raised right-wing money for its stridently pro-nuclear activities.

Interior Secretary James Watt recently tried to recruit support from U.S. Jewish groups, arguing that nuclear power could reduce U.S. dependence on Arab oil — a bid that became a well-publicized gaffe.

So far, the administration's rhetoric does not amount to a credible counteroffensive.



Lifeline of the industrialized world: A Saudi worker walks alongside an oil pipeline in the desert. ARAMCO World Magazine

OPEC: Behind the Facade, a Host of Problems

By Robert Mabro

OXFORD — For the Organization of Petroleum Exporting Countries, the "price-shock" episodes of 1973 and 1979 yielded wealth, apparent power, international recognition and much notoriety in the world news media. Paradoxically, these episodes reveal little about the nature of OPEC, its true weaknesses and strengths.

The oil price explosions of the 1970s were brought about by powerful economic forces that, misleading appearances to the contrary, initially had little to do with the actions of the oil-producing countries. Of course, they benefited OPEC but they were not engineered by OPEC.

When the market is tight, no OPEC solidarity, no common policy, no cartelization are needed to reap economic benefits. They are the gifts of the market.

But when the market is slack, producing countries need their organization. They needed it during the five stagnant and rather indifferent years (1974 to 1978), which separated the two oil price revolutions. OPEC's real strength, the ability to hold the price line when the oil market is slack, was revealed. OPEC succeeded when everybody thought it was weak or on the point of floundering. Will it succeed again today when conditions are more unfavorable than ever?

OPEC's Problems

World demand for oil is depressed. Demand for OPEC oil is even more depressed. Today's OPEC production is perhaps as low as 55 percent of the peak. Average OPEC production in 1982 may be only 60 or 65 percent of 1970's levels.

OPEC producers face competition from aggressive newcomers — including Britain, Norway, Mexico, Egypt and Angola — prepared to undercut prices to maximize export volumes.

And within OPEC, Iran, short of revenues for both war and civil purposes, is seeking to increase its sales through the proven method of price reduction. One or two other OPEC members seem to have started down the same path.

A possible future conflict about leadership within OPEC carries risks of disruption. Iran may want, for a while at least, to regain its status as a producer of 5 million barrels a day. Despite previous revolutionary pronouncements, the ideology of the Islamic revolution does not regard large production levels as sinful.

For OPEC, then, it could hardly look worse.

Price Fixing

Yet the OPEC reference price at $34 per barrel is holding even though the average export price of all crude varieties has come down by an estimated $2 in the past 12 months.

How is this achieved? Many think the production program and production ceiling introduced by OPEC in March 1982 has protected the price. True, the production policy signaled to the oil market in the only language it understands that important OPEC producers are determined to protect the price. But the output ceiling has no direct impact on the supply-demand balance in the market, only an indirect effect on expectations.

OPEC manages to hold the price line simply because a sufficient number of its members stick to their prices. Any producer can stick to a fixed-price policy if he is prepared to accept the penalty of a reduction in volume. And many will. Many realize there may be a heavier future penalty — both economic and political — in allowing the price to collapse.

Twenty-two years of common history — following decades of struggle and frustration with the oil companies in the old colonial days — have taught OPEC members precisely that. The ability to fix the price of oil is the name of the oil game.

OPEC History

OPEC was born as the child of adversity. It has been essentially a defensive association. The immediate objective in 1960 of its founders (Iran, Iraq, Kuwait, Saudi Arabia and Venezuela) was to check the downward drift of prices. The more fundamental objective of OPEC member countries was to regain full sovereign control over their petroleum resource, their main natural economic asset.

The organization rallied together when adverse oil market conditions were threatening to suck the oil price down a dangerous spiral.

The two price explosions were exceptional moments. Market forces crested for OPEC on both occasions. In 1973, world demand for oil was rising rapidly and approaching the limits of installed productive capacity in OPEC countries. Prices had held constant for a long period despite rising demand. A price explosion would have happened sooner or later, OPEC or no OPEC, Middle East October War or not.

In 1979, the price explosion was fueled by buyers' panic as consumers rushed to build up inventories and secure direct access to oil supplies from the producing countries. OPEC followed the tide, lagging for a while behind other oil-producing countries — such as Britain and Mexico — and behind a feverish spot market where many speculators seemed to have lost their heads.

Yet these two episodes were probably less formative for OPEC than the slowly acquired gains won during the quiescent 1960s as the member governments worked together to consolidate their control over their basic resource.

Newcomers in the ranks of oil-producing countries — Britain, Norway and others — have risen as oil exporters under the shield of OPEC. They often indulge in policies that may suit short-term interests but endanger the system that protects these very interests in the long term.

United Front

But can OPEC manage to hold its united front indefinitely? When demand is so low, producing countries will become increasingly concerned with their market shares and lose sight of long-term objectives. A struggle over market shares could lead to a collapse of the current system.

Over the next few months, the outlook suggests OPEC will be able to hold. Demand for oil is bound to rise in the winter sufficiently to ease the competitive pressures within OPEC.

Frictions may sharpen next spring if demand remains depressed and if Iran and Iraq emerge from their current war with an urge to regain their positions on the world oil market.

A simple but fair agreement on market shares (not volumes) would enable OPEC to face the challenge of a glutted market. But the difficulty is to reach such an agreement.

The Iraq-Iran war — a war between two founding members of the organization — did not prevent OPEC from functioning. But an all-out competition for market shares and leadership would probably lead to an oil price collapse.

Even if OPEC fell victim to internal competition, a new association of oil producers — chastened by losses — would soon reconstitute itself. A decade from now, the number of producing countries with significant export potential will have shrunk to a half-dozen — of which several will still be low absorbers of revenue. They could be a more powerful OPEC.

World Rise in Coal Production May Depend on U.S. Upturn

By Steve Marcy

WASHINGTON — Not until the U.S. economy recovers will world coal trade pick up, according to U.S. coal industry executives, most of whom contend that exports alone cannot spark significant development of coal mining.

Meanwhile, coal industry executives said they see long-term growth in coal use and its continued displacement of oil and natural gas worldwide, but some were wringing their hands over the U.S. industry's short-term prospects.

A recent spate of mine closings and bankruptcies worry Mark R. Joseph, president of Anker Energy Corp. and new chairman of the Coal Exporters Association, a group affiliated with the National Coal Association.

Mr. Joseph stressed the priority of the U.S. market, saying "There's no way a surge in exports can help lead our domestic industry to recovery; exports are only about 10 to 15 percent of total U.S. production and that's just not a large enough market share to lead a recovery."

Coal Imports

NCA predicts that imports of coal should expand 9.4 percent annually in Europe and 18.8 percent on the Pacific rim. Italy will be the fastest-growing European importer, followed by Spain and Portugal, NCA analysts said. But the United States may not be positioned to get the lion's share of this market.

Economic and political uncertainties "argue persuasively" for increased reliance on U.S. steam coal, according to an NCA spokesman.

Although Japanese businessmen have criticized U.S. railroads' profits for inflating the price of U.S. coal, U.S. railroad executives point to $3 billion spent upgrading the U.S. rail system.

European buyers' biggest concern remains ports — a problem unlikely to be cleared up soon.

In this context, the most the NCA is hoping for through 1985 is flat export-market performance; the 110 million tons forecast for shipping from U.S. shores match the 1981 figure.

Parallel Economic Recoveries

Looking farther ahead, Merrill Lynch, in a bi-annual energy outlook, forecast parallel economic recoveries in the United States and Europe, leading to greater coal use in U.S. utilities and sharply rising European imports in a decade. But their analysts said that they have not yet assessed the impact of the planned pipeline bringing Siberian natural gas to Europe.

Even U.S. economic improvement will be slow to ripple down to the coal industry, according to Mr. Joseph, who sees little or no upturn in the coal fields before the end of 1983. "A recovery will see the working off of inventories first, then an increase in industrial production, then an increase in electricity demand and finally the need for more coal. We'll be about three to six months behind everyone else," he said.

Coal markets no longer stabilize during slack demand as quickly as 20 years ago "and maybe even 10 years ago," Mr. Joseph noted.

Mine Bankruptcies

With the entry of large conglomerates into the business, "marginal mines" can include facilities producing 1 million tons or more yearly. If closed, start-up costs can be prohibitively expensive. Consequently, large companies with extensive assets continue to produce coal at a loss and pile it into the glut: they manage to sell at least some of it, and they avoid closing costs.

But with stagnant demand, Mr. Joseph said, the market will only stabilize by squeezing out excess supply, a process that worries him. That process also worries the trustees of the health and retirement funds of the United Mine Workers of America who formed a task force in July to investigate mine company bankruptcies and determine the UMW's liability for payment of miners' benefits.

It is so worrying that no one connected with the task force was willing to discuss the number of bankruptcies and of additional companies that are vulnerable. Operations least able to survive are small and family-owned with a labor force of 10 to 20 — the vast majority of the 2,500 companies that have signed the UMW pact.

However, 90 percent of the 160,000 UMW miners are employed by fewer than 50 big companies.

While some are closing down mines, most are trying to prevent layoffs by transferring miners or juggling work schedules.

Still, bankruptcies compared to last year are on the rise, sources close to the task force said.

"When enough mines close and enough miners are thrown out of work that utility companies begin using up their inventories, then you can begin producing coal profitably again," Mr. Joseph says. "But that's a very painful process."

Energy Demand

A more optimistic prospect emerges from signs of an economic recovery.

But U.S. electricity demand is never expected to match the 7-percent and 8-percent annual growth rate of the 1960s.

The Merrill Lynch energy outlook pegs growth at 2.7 percent through 1992, leading to a rise in utility coal consumption from 596 million tons a year to 875 million tons.

John Hill, the Merrill Lynch economist who put together the report, said he expects the U.S. economy to grow 3 percent annually, coal production to increase 3.8 percent and exports to expand 6 percent.

National Coal Association figures are similar — electricity demand increasing 2.8 percent annually through 1995, utility coal use expanding at a 4.1-percent annual rate and consumption figures reaching 868 million tons in 1990 and 1.04 billion short tons in 1995.

Mr. Hill envisions a parallel recovery occurring in Europe and a continuing substitution of coal for oil and gas that will lead to the Continent buying 75 million tons of U.S. coal in 1992.

Conservation Effect

Most energy forecasts predicting increases in coal use account for a continuing emphasis on conservation, but not to the extent expected by Dale Steffes, president of Planning and Forecasting Consultants.

The Houston-based consultant and former engineer said electricity demand will shrink 2 percent annually through the late 1980s before beginning a slow recovery, but the lost coal market will be offset by increased industrial use.

Overall consumption through the latter part of the decade should grow 2 percent yearly.

Mr. Steffes' expected decline in coal's traditional major market is largely recession-induced, especially in the Northeast and manufacturing areas of the Midwest where if a job is not lost already, everyone fears it will be soon.

"The homeowner in Michigan is not going to keep buying electricity," Mr. Steffes said.

"He's going to insulate."

Utilities' Error

Utilities are at fault for their present predicament, he said. Plants have been built in the face of rising energy prices and increased capital costs while the economy grew either feebly or not at all.

"The error was that the electric utilities and the public service commissions were nonchalantly passing increased fuel and plant costs to the consumers," Mr. Steffes said.

The Houston energy consultant's prediction of increased industrial coal use is less than rock-solid.

He said he expects extensive natural gas discoveries this decade, which he has not yet factored into the industrial fuel market.

The NCA's rosier expectations about world coal use reflect assumptions about a more robust U.S. economy as well as the greater weight that their analysts give to security of supply as a factor in European energy decisions.

The NCA has received a cautionary note from Japan, however. At the NCA's annual meeting this year, Katsushige Tanaka, a Nippon Steel executive, warned U.S. exporters to reduce costs further, even if they must absorb some of them.

The $10-per-ton differential between Australian and U.S. coal, down from $20, must be cut further, Mr. Tanaka said.

U.S. Rail System

The Nippon Steel representative laid part of the blame for high U.S. prices on the railroads and claimed they already made "unprecedented profits."

The railroad industry contends it allayed the fears of European coal buyers during a trade mission last May sponsored by the Department of Commerce.

European government officials and coal buyers were "flabbergasted" at the $3 billion spent on upgrading the U.S. rail system, according to Chris Knapken, spokesman for the Association of American Railroads.

The Chessie System, Conrail, Norfolk and Western and Burlington Northern have all added heavy track allowing 100-car unit trains to average 55 to 60 miles an hour (88 to 96 kilometers an hour). Computerized car-handling systems assemble rail shipments so efficiently that 35,000 cars stood idle a year ago while a record was being set for total coal loadings.

However, ports remain a bottleneck. User-fee legislation, designed to provide quick capital for dredging coal ports, was killed in Congress this year by the attachment of cargo-preference provisions.

Disputes over the proportion that port-users and the U.S. government should each pay for the improvement and ports are another problem.

But Congressional staffers say that chances for passage next year are better.

At least one device that importers view as economizing coal transportation rates — coal slurry pipelines — has bright prospects of winning eminent domain status for obtaining rights of way. Legislation making interstate coal pipelines eligible for this power has won approval in the U.S. Senate's Energy Committee, where it faced tough opposition among senators from Western states concerned about the potential drain on water supplies.

Refineries: Closures Highlight Reality of Massive Overcapacity

(Continued from Page 9S)

during the decade overturned a pair of critical assumptions on which the refining industry was built: continuing low crude oil prices and steadily increasing demand. Since 1973, oil prices have soared twelvefold, while consumption in non-communist countries has dropped about 10 percent.

As a result, refining capacity in the major industrial countries exceeded consumption by about 40 percent last year, up from 25 percent in 1979, according to statistics from the Organization for Economic Cooperation and Development.

Even with the severe cuts announced in recent months, the assumed reduction in oil product demand in coming years may make it difficult to whittle down that overcapacity to less than 35 percent by 1985.

The International Energy Agency, which comprises the world's main oil consumers except France, predicted in a report issued late last year that, without drastic cuts, U.S. capacity utilization would drop to 65 percent in 1985 from about 70 percent in 1981, and would fall to 61 percent by 1990 — well below the 85-percent level considered acceptable. Europe would be even harder hit, with less than 60-percent capacity utilization throughout the period, while Japan would maintain about a 70-percent rate.

"These problems were evident six years ago, though they're much worse now since nothing has been done," an industry source said.

Operating Losses Continue

Meanwhile, operating losses in the refining industry last year were around $10 billion and the balance sheet is not likely to improve much, if any, in 1982. "As long as this sort of overcapacity exists, the industry will be unprofitable," said Wayne Platt of Chem Systems, a London-based consulting agency.

Amid the world oil glut, refiners, often locked into crude contracts in dollars, incurred losses in European markets, where products had to be priced in weaker currencies and where price controls impeded companies' efforts to pass along their costs quickly.

"I don't see it being sorted out very soon," Mr. Platt added.

The industry's prospects are further clouded by several large export-oriented refineries that are slated to come on stream in the Middle East and Africa — for example, the modern plants at Jubail and Yanbu in Saudi Arabia.

Planners for the Organization of Petroleum Exporting Countries, eager to get the extra earnings from downstream operations, contend that they enjoy natural advantages of low transport costs plus the leverage of controlling their own crude prices. So they will be able to sell at lower prices and still remain profitable.

OPEC's Refining Capacity

Projects announced in the organization's bulletin indicate that OPEC's refining capacity will reach 9.3 million barrels a day by 1985, with about 4.3 million barrels a day earmarked for export.

Although those figures may be somewhat optimistic — for example, the London-based consultants Petroleum Economics believe that a more realistic estimate for OPEC refining capacity by the mid-1980s is 7.5 million barrels a day — it is clear that, in a shrinking market, growing competition from oil producers is going to pinch.

It remains unclear exactly how much of OPEC's product output will flow into Europe. The bulk, for the foreseeable future, is intended for local consumption and for the Far East market.

But, "you have to be pessimistic about the medium-term outlook for the industry," an industry source said.

Oil Companies' Cuts

Accordingly, oil companies have begun to make painful cuts in capacity — the kinds that permanently affect distribution networks.

"There is no economic alternative to closing down surplus distillation capacity and shrinking the capital base of our operations," Sir Peter Baxendell, head of the Royal Dutch/Shell Group, said in June. "This we are doing as quickly as we can. Already, we have closed down or mothballed over 20 percent of primary distillation capacity in Europe," he added.

So far, U.S. refiners have been quickest off the mark, closing down more than 2 million barrels a day capacity — and about 800,000 barrels a day of that for good — between September 1980 and February 1982.

Western Europe will be harder hit: It faces a current overcapacity of more than 6 million barrels a day. But, as late as March 1982, Europe's refiners had shut only 100,000 barrels daily of basic refining capacity, despite announced intentions to idle up to 2.8 million of Europe's daily capacity of 19 million.

"A lot of execution sentences have been passed but it's difficult to know how many of the victims have actually been stuck against the wall and shot dead and how many are waiting indefinitely on death row," an industry analyst said.

Political Problems, Rivalry

While nearly everyone agrees that plant closures are inevitable, "nobody wants them to take place under their jurisdiction," said IEA specialist Daniel Badger. The route to them is blocked both by political qualms about unemployment and national security, and by rivalry among oil companies reluctant to give up market shares to a competitor.

"There's a lot of negotiation and aggravation with governments and unions in Europe, so if you do shut down you don't get the economic benefits for quite a while," an industry source said. "There's a tendency to hang on and wait until someone else goes first."

The most aggressive attack on surplus downstream operations in Europe has been made by British Petroleum, which in the last year has taken steps to slash its annual capacity nearly 28 percent. Dutch/Shell Group also have announced hefty cuts, while Gulf has indicated that it would like to abandon all of its modest European capacity.

Most of the closures have been aimed at Britain, France and West Germany, where profit margins have been squeezed by a buoyant dollar and product contracts linked to depressed spot market prices. Marked cuts also are expected in Italy and the Netherlands, important crude-processing centers for re-export.

Upgrading Capacity

Meanwhile, to stem the tide of red ink, refiners are spending heavily to upgrade remaining capacity to cope with a double shift in industry patterns: As market demand emphasizes lighter petroleum products, more and more crude supplies arrive in heavier grades requiring an extra refining effort.

Big profits still are possible with upgraded facilities that yield more of such products as gasoline, diesel fuel and jet fuel, while the drop in demand for heavy fuel oil — which is being replaced by coal and natural gas — has caused staggering losses on basic distillation.

But that advantage is likely to evaporate as upgrading units now being built come on stream. Western Europe's upgrading capacity is expected to rise about 60 percent in the 1980-1985 period. Many refiners worry that the resulting flow of light products will put even greater pressure on prices and profit margins.

"Temporary windows of positive refining margins will appear for those companies with the greatest refining flexibility, but they won't last long before adjustment takes place," Mr. Badger said.

The problems of overcapacity hit not only the refining business but also the marketing system. "There's going to be a shakeout right down through the distribution chain," Mr. Platt predicted.

Among industry analysts, Exxon, Shell, Mobil and "what's left of BP" are generally singled out as the companies in the best position to survive as real international integrated oil companies, while Gulf, Texaco and Standard Oil of California will likely operate from a significantly smaller base.

"The majors will still dominate, but over a smaller cake, while smaller companies are likely to fall by the wayside," a consultant said, adding: "The trading fraternity might fall by the wayside, too, as companies can meet their own changing product needs through more refining and marketing flexibility."

Certainly, changed assumptions about demand are causing companies to put greater stress on downstream markets rather than crude supplies. Greater leanness and flexibility in tailoring operations to product demand are seen by many as the key to future competitiveness.

"A lot of companies are going to behave a lot more like traders in the future, with more short-term choices about whether to make or buy product," another consultant said. "There's nothing they can do about Mideast exports except move over and make way. Some will have the sense to see these as a potential product source," he said.

Chem System's Mr. Platt said: "The industry is in the process of redefining what its business is, what its purpose in life is. The outcome depends very much on what people are deciding now. It isn't preordained."

Forecasts as of Mid-1982 for Changes In Installed EC Distillation Capacity

In Million Metric Tons Per Year

Country	1979	1985	Change	%Change
France	167.6	143.2	—24.4	—14.56
Germany	151.9	124.4	—27.5	—18.1
U.K.	133.1	109.5	—23.6	—18
Italy	198.4	165.6	—32.8	—16.5
Belgium	54	42.5	—11.5	—21.3
Greece	18.8	19	+0.2	+1
Denmark	10.9	8.5	—2.4	—22
Ireland	2.9	2.9	0	0

Source: IEA

Third World and Energy: Crisis Growing Despite Lower Imports

Francisco R. Parra

GENEVA — The energy crisis in the industrialized countries has receded, at least temporarily, but in most developing countries it remains and appears, if anything, to be gathering momentum.

Although the Third World countries' needs for energy, especially oil, are relatively small in volume, they require hard currency that is in increasingly short supply. Many non-OPEC developing countries probably have enough oil in the ground to relieve this particular energy crisis by meeting their own needs.

But exploration departments in many oil companies are trimming their budgets in response to a perceived surplus of crude oil in the international market, and new approaches are needed to fund Third World oil development.

In contrast to predictions two years ago of an impending unprecedented boom in oil exploration in the Third World, exploratory activity in non-OPEC developing countries seems on the decline. Currently averaging around $3 billion a year, it showed a slight increase in 1980 and 1981, but 1982 will probably witness a downturn.

Oil, of course, is not the only reason why these are grim times for developing countries. Trade stagnation and debt weigh heavily, but Third World energy problems seem more intractable, both now and into the next decade.

Improving Efficiency

The problem is the apparently unbreakable link between energy consumption and the initial stages of economic development, which are generally energy intensive. So far, no one has found a way to improve energy efficiency in developing countries enough to enable them to reduce their oil bills.

As a result, although many developing countries' oil imports have dropped in the last two years, the trend is due to the bad shape of the world economy and the high price of oil, rather than effective conservation.

Some developing nations simply cannot afford enough oil. In one African country, gasoline is selling on the black market at $350 per gallon, and there are reports of agricultural harvests lying uncollected because no fuel is available to transport them to markets.

The other energy crisis in many developing countries is of a different nature: rural populations are consuming wood for fuel at a rapidly accelerating pace, stripping the natural cover and causing "desertification" and the loss of farm land.

The solution, reforestation, involves providing kerosene for fuel instead of wood. But this only aggravates the balance of payments problem.

Yet, most developing countries have significant potential for the development of indigenous energy resources. Many of them have promising deposits of enough oil, natural gas or coal to make themselves self-sufficient at a cost competitive with imported oil. Others, particularly in Africa, have very large untapped hydroelectric resources. All of them, in theory at least, have the option of nuclear power for electricity generation.

The trouble with the development of these sources of energy is that any one of them takes a lot of money — most of it foreign exchange — and a long time, so the financial requirements for developing these sources are, for the most part, well beyond the capacity of developing countries. At the same time, most of these forms of energy cannot attract normal foreign investment and must continue to depend on a continuing flow of aid from industrial countries and OPEC-country funds.

Oil and gas and, to a lesser extent, coal, are the only forms of energy likely to attract foreign capital into a developing country on commercial terms.

Yet, the flow of funds for oil and gas exploration has been disappointing, showing little growth over the past decade despite high oil prices.

This is discouraging but scarcely surprising. It takes about $200 million to mount a balanced exploration effort calling for about 10 exploratory programs at a cost of $20 million each, with the overall venture having a 1-to-10 chance of success. The sum of $200 million would not go very far on programs involving offshore drilling — where the most likely prospects lie in Third World countries — and where a single well can easily cost $20 million.

Few oil companies are willing to boost their exploration efforts in Third World countries. Such ventures are both long term and high risk, in technical as well as political terms. Stagnant and possibly dropping crude prices, plus the continued costs of inflation in the industry, contribute to making oil exploration less attractive.

Some companies have urged host governments to ease the deals they offer on exploration and production, and over the past few years a significant number of countries — including Brazil and Pakistan — have responded by improving fiscal terms in favor of the investor. But such countries — with attractive geology and proven oil — can attract exploration on terms that offer a good but not extravagantly high return.

India, for example, a country with limited but important potential for oil and gas — about enough to cover its own needs — will have more difficulty in attracting exploration funds and will actually need more because the search will probably have to be more persistent.

Such countries are extremely unlikely to attract a high level of exploratory effort, regardless of how profitable the deals they offer. Companies may be enticed for just a quick look — perhaps some seismic soundings and one or two exploratory wells.

But most oil companies firmly believe that in the event of success, the terms of the deal offered will be unilaterally changed by the government. Voicing this commonly held view, Robert Witt, vice-president of Petro-Consultants Inc., Houston, has said: "As soon as you start production, LDCs are going to change the terms; as soon as you reach domestic requirements, they are going to change them again."

This is not true of the great majority of non-OPEC countries, where foreign companies are producing oil today. There are only about 20 of them in the Third World, several of which have actually improved their terms recently to encourage more exploration. But old myths die hard.

The need has gradually become more evident for new mechanisms to facilitate the flow of more funds into exploration in Third World countries.

These extra funds, perhaps supplementing but not displacing the already spontaneous flow that exists, need not be mutually exclusive with existing investments. On the contrary, they could — and would — support one another. For example, financing techniques used successfully in the United States — such as drilling funds — could be applied internationally. This could attract money from new sources by overcoming the Third World's lack of expertise and by spreading the risk.

In addition, a relatively small amount of aid money could provide the basis for insurance against part of the technical risk involved in exploration. The World Bank is studying the possibility of insuring companies against the political risk involved in investments in the Third World. All these approaches must be studied carefully — and they are.

Reserves: The 'Cushion' Is Still Being Padded

By Charles K. Ebinger

WASHINGTON — Despite the fact that world oil markets have weathered two recent major Mideast wars with minimal price impact, there is little reason to be sanguine about the West's readiness to ride out an oil crisis.

In the United States, the administration of President Ronald Reagan has given low priority to the link between security and energy policy. In the years ahead, U.S. dependency on imported oil will probably increase because of sagging domestic production and a slowdown in attempts to find energy alternatives.

However, the oil reserve policies of the United States and of its allies are much improved, thus providing a tactical cushion that should be in place by the time the current slump in demand and excess of production disappear.

A key security element, the U.S. strategic petroleum reserve now holds 272.2 million barrels, an amount sufficient to compensate for about 70 days of oil imports at current rates.

The primary value of a petroleum reserve is to provide supplies during an emergency, but such a reserve also facilitates short-term resistance to price increases and the economic adversity arising from supply disruption.

A study by the Congressional Budget Office last year showed that a yearlong shortfall of 2 million barrels a day in 1984 in the United States would reduce gross national product by nearly $150 billion and raise unemployment by 1 percent and inflation by 7 percent. But the ability to draw down a 750-million-barrel reserve would eliminate the entire impact of such a supply disruption.

Yet, stockpiling entails its own cost to society and it requires careful diplomatic management to avoid offending key producer nations such as Saudi Arabia.

If stockpiling is adopted, a recent Congressional research study said, government control over stockpiled petroleum provides the most effective mechanism for releasing stocks and for cooperating with foreign governments. Some sizable industrial reserves in private hands also are useful — and are less liable to be politically offensive to oil-exporting nations.

When the reserve was originally proposed under the Ford administration, it was to contain 1 billion barrels. But managerial problems and technical diffficulties in preparing salt caverns for storage delayed the project.

Fresh delays occurred in 1979-80 when the Carter administration stopped filling the reserve because of Saudi Arabian opposition. Saudi Arabia, which had raised production to offset lost Iranian crude, complained that its generous production policy could be portrayed as enabling the United States to acquire a buffer stock for combating future OPEC price hikes.

The political commitment of the Reagan administration to the reserve has been undercut by budgetary pressures, which curtailed initial attempts to accelerate the fill rate.

In recent weeks, the picture changed because of Mexico's financial crisis. Funds were rushed to Mexico in the form of prepaid additional oil purchases, which in effect have raised the fill rate to just short of the 300,000 barrels a day sought by Congress.

Western stocks of oil can play an invaluable role both in ensuring the industrial countries' security in a full-fledged crisis and in helping moderate the temptation to indulge in price gouging during tense periods. During the recent crises in the Gulf and in Lebanon, a factor for moderation in oil markets was the oil companies' ability to draw down stocks.

Now oil stocks, apart from governments' strategic reserves, appear to be near minimum levels. Because of the high cost of holding inventories — estimated at $6.50 per barrel a year at 1981 interest rates, both the major international oil users and the large customers have drawn down inventories at an estimated rate of 700 million barrels a day in 1980, 2 million to 4 million barrels a day last year and 1.5 million barrels a day this year.

At the same time, however, all the OECD nations have established some sort of strategic oil reserves or stock management policies.

Priority on Forecasting

(Continued from Page 9S)

their own judgment instead of a mechanical model in assessing demand.

Taking the most obvious case, he said, "if prices had stayed at the pre-1973 level of about $2 a barrel, free world demand today would have been on the order of 90 million barrels a day — which couldn't have been met even with the current 15 million barrel a day unused capacity in OPEC." Texaco now predicts a demand of 45 million barrels a day for 1982.

Another company's forecaster sounded more confident about the reliability of demand forecasts. "We think we are beginning to develop a sense of the elasticity of demand. It is still in the very early stages because of economic factors, but it will help out our planning."

At Standard Oil of Indiana, Theodore R. Eck, the chief economist, agrees that energy forecasting is casting its net much wider these days. "We are paying more attention to political variables, which affect world supply more than geology, and probably we have also become more attuned to the impact of the business cycle on petroleum demand," he said.

Some recent faulty forecasting of energy demand, he said, could probably be explained by neglect of cyclical economic factors that deepened the present three-year recession. "Past cycles were of shorter duration and therefore of less impact on energy-intensive sectors," he said.

Now, he added, "with energy-intensive sectors such as the steel, chemical and cement industries operating under capacity, it is no surprise we are not selling much industrial fuel."

Mr. Meloe attaches great importance to the sustained impact of increased industrial efficiency. "A lot of the conservation stimulated by high oil prices is irreversible, even if oil prices were to drop dramatically," he said.

But both forecasters talked in scenarios, shunning the straight-line projections based on past experience of the kind that was accepted throughout the industry prior to the 1973-1974 Arab oil embargo. "Certainly, we are using scenario-forecasting more because the world now seems to be anything but a straight line," Mr. Eck said.

Their scenarios stress the overall economic context.

For Mr. Meloe, a recovery should bring a significant increase in oil demand. And, he adds, supplies could tighten by the late 1980s even without a material increase in demand. "That 15 million barrel a day surplus in OPEC countries is going to take the pressure off for a few years, but farther along, that will change," he said.

Mr. Eck thinks that oil prices will vary less widely and that a return to interest-rate stability could simplify forecasting.

JOSEPH FITCHETT is a staff reporter for the International Herald Tribune.

FRANCISCO R. PARRA is director of the International Energy Development Corporation.

NICK SNOW is managing editor of "The Oil Daily."

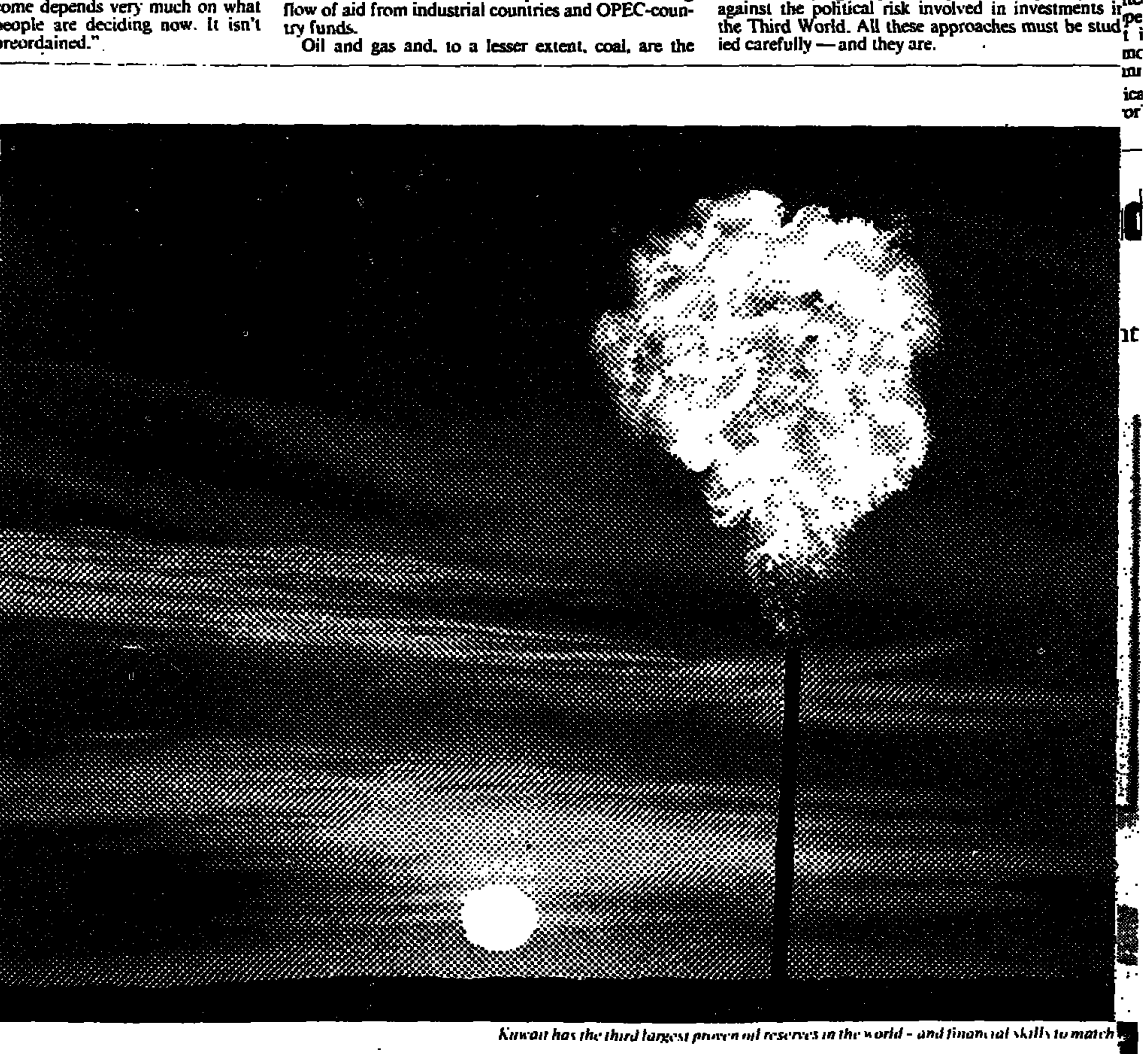
STEVE MARCY is Washington bureau chief of "Coal Industry News."

MARCELLO COLITTI is vice-chairman of the Italian oil company AGIP.

ROBERT MABRO is director of the Oxford Energy Seminar.

CHARLES K. EBINGER is an analyst at the Georgetown Center for Strategic and International Studies.

THOMAS R. STAUFFER is an energy specialist at the Diplomatic Academy in Vienna.



Kuwait has the third largest proven oil reserves in the world – and financial skills to match

International Bond Prices — Week of Sept. 16

Provided by White Weld Securities, London, Tel.: 623 1277; a Division of Financiere Credit Suisse - First Boston

(Continued from Page 8)

Amt	Security	%	Mat	Middle Price	Yield Mat	Yield Ave Life	Yield Curr
[illegible]	Airlease Intern Fin	9	'86 Aug	88	13.04	15.21	10.23
[illegible]	Airlease Intern Fin	8 3/4	'88 Oct	89	11.31	13.26	9.83
5	Allied Breweries	10 1/4	'90 Mar	89 1/4	12.50	13.01	11.48
5	Amoco Exploration Co	13 1/4	'85 Jan	97	14.06		13.66
0	Barclays Bank Intl.	8 1/4	'86 Dec	85	12.98	14.62	9.71
00	Barclays Overs Inv	8 1/2	'92 Sep	78	12.79		10.90
50	Bass Charrington	7 1/2	'87 Aug	69 1/2	16.74	19.21	10.79
100	B.A.T. Intl.Fin.	7 1/2	'87 Nov	69 1/2	16.50	19.21	10.79
5	Beecham Intl.	8 1/4	'86 Feb	85	13.97	16.23	9.71
0	B.I.C.C.	7 3/4	'87 Feb	80	14.01	18.15	9.69
0	Bowater Corp Ltd	9 3/4	'86 Jul	82	16.34		11.89
0	Bowater Corp Ltd	9 1/4	'92 May	70	15.29	16.63	13.21
6	British Land Intl.	8	'87 Nov	77 1/2	14.34	19.30	10.32
100	British Leyland	7 1/2	'87 Sep	67	17.45	25.16	11.19
0	British Oxygen Fin	10 3/4	'90 Jul	77 1/2	15.86		13.87
0	British Steel Corp	8 5/8	'89 Jan	83	13.13	15.67	10.45
0	Cadbury Schweppes	7 3/4	'90 Oct	70	14.08	16.97	11.07
5	Capital & Counties	9	'88 Nov	79	14.25	18.07	11.39
0	Coventham Intl	9 1/2	'87 Dec	74	17.22	21.67	12.84
100	Charter Cons.Overseas	7 1/2	'87 Oct	65 1/2	18.25	20.42	11.45
0	Commercial Union Ass.	8 1/2	'86 Dec	81	14.66	18.28	10.49
0	Courtaulds Intl.Fin.	9 1/4	'85 Oct	88	14.24	16.60	10.51
0	Courtaulds Intl Fin	9 3/4	'89 Dec	84	13.25	13.98	11.61
5	Dundee City	9 1/4	'83 Oct	95	14.41	17.36	9.74
0	Emi Finance Bv	9 1/4	'89 Apr	76	15.13	16.42	12.17
0	Finance For Industry	14	'86 Apr	93 1/2	16.49	17.26	14.97
0	Finance For Industry	13 3/4	'87 Oct	103 3/4	12.71	12.53	13.25
0	Finance For Industry	9 3/4	'87 Dec	90 1/4	12.32	12.86	10.80
0	Finance For Industry	14 1/2	'88 Mar	104 3/4	13.24	12.84	13.84
2	Finance For Industry	10	'89 Mar	89 3/4	12.34	12.76	11.14
0	Finance For Industry	12 1/2	'89 Jul	101 1/4	12.22	12.14	12.35
5	Finance For Industry	13	'91 Mar	100 3/4	12.85	12.82	12.90
0	Fisons Intl Finance	8 1/4	'87 Jul	78 1/2	14.65	17.48	10.51
0	Fisons Intl Finance	10 1/4	'87 Dec	89	13.22		11.52
0	Fisons Intl Finance	8 3/4	'92 Aug	68	15.08	16.61	12.87
8	General Electric	12 1/2	'89 Mar	103 1/4	11.77	11.66	12.11
0	Gestetner Holding Bv	11	'88 May	89	13.86	14.22	12.36
5	Gold Fields Bermuda	10 1/4	'85 Jul	86	16.65	17.82	11.92
15	Grand Metrop.Hotels	9 1/4	'86 Jan	88 1/2	13.70	16.54	10.45
5	Grand Metrop.Hotels	7 1/2	'87 Dec	75	14.46	19.16	10.00
0	Guardian Royal Exch.	8	'87 Jul	79 1/2	14.02	15.87	10.06
5	G.U.S. Internatl.N.V.	8 1/2	'86 Mar	82 1/2	15.19	19.13	10.30

[illegible]

Mutual Funds

Closing Prices Sept. 17, 1982

[illegible]

American Exchange Options

For the Week Ending Sept. 17, 1982

[illegible]

DM STRAIGHT BONDS

[illegible]

CONVERTIBLE BONDS

[illegible]

(Continued on Page 14)

International Herald Tribune
BUSINESS / FINANCE
MONDAY, SEPTEMBER 20, 1982

U.S. Firms Capitalize on Gap in Terms

By Carl Gewirtz
International Herald Tribune

PARIS — The chasm separating the new issue sector of the Eurobond market from the secondary market of outstanding issues and from the New York bond market remained unbridged last week.

For the second week in a row, top rated North Americans — Seagram, Gulf Oil, Prudential and Walt Disney were last week's additions — issued dollar Eurobonds

EUROBONDS

at terms that bore no relationship to the traditional yardsticks of secondary market yields or the U.S. government market.

As a result, unglamorous triple-A rated credits — sovereign and provincial issuers — who cannot command such favored rates are delaying coming to the market rather than be seen to pay more than other borrowers.

"It just doesn't make any sense," admits the managing director of one the investment banks sponsoring these issues. But echoing a view heard throughout the market, he adds, "it will go on as long as there is retail demand to keep the mania alive."

Flight to Quality

The "mania" is investors' flight to quality — their rush to reduce their exposure to banks by selling bonds, floating rate notes, certificates of deposit issued by banks and liquidating bank deposits and placing this cash in what are believed to be safer havens such as triple- and double-A rated corporate paper — with little regard for the return offered on such investments.

Gulf Oil's $100 million of five-year notes, bearing a coupon of 12¼ percent and issued at a discount of 99½, were priced to yield 12.39 percent — about a quarter-point less than comparably dated U.S. Treasury paper was selling for in New York. (By the end of the week the Gulf paper was quoted at 97⅞ for a yield of 12.96 percent.) By contrast, recent triple-A rated issues of the World Bank and Canada's government-owned Export Credit Agency are yielding 13½ percent.

The best measure of the market's current incoherence was the fact that the outstanding issue for

(Continued on Page 15, Col. 3)

NEW EUROBOND ISSUES

Straight	FRN	Warrant	Conv.	Borrower	Amount (millions)	Maturity	Coupon %	Price	Yield At Offer	Terms
			•	Kumagai Gumi	$30	1997	6½	100	6½	Redeemable at 118.56 in 1985, producing a 12% yield. Convertible into shares at 400 yen each, using an exchange rate of 264.85 yen per dollar.
•				Forsmarks Kraftgrupp	$75	1992	13¾	open	—	To be priced Sept. 22. First call at 102 in 1987. Sinking fund to start in 1987 to give 7.6 yrs average life.
•				Gulf Oil Finance	$100	1987	12¼	99½	12.39	First call at 101 in 1985.
	•			Marine Midland Overseas	$100	1994	+ ¼	100	—	Over average of bid and offered rates for 3-month eurodollars. Minimum coupon 5¼%.
				[illegible]	$150	1987	12¾	100	12¾	Non-callable.
				[illegible]	$100	1989	12⅝	99⅜	12.86	First call at 101½ in 1987.
				[illegible]	$50	1990	+ ¼	100	—	Over 6-month Libor. Minimum coupon 5⅝%. Average life 7 yrs.
				Walt Disney Productions	$75	1989	12½	100	12½	First call at 101 in 1986.
•				African Development Bank	DM100	1989	10	open	—	Final conditions to be set Sept. 24.
•		•		Japan Synthetic Rubber	DM50	1989	7½	100	7½	Each 5,000-Deutsche mark note with 2 warrants exercisable into 1,000 shares of stock at 242 yen each.
•				New Zealand	DM150	1989	8¼	100¼	8.20	First call at 101 in 1987.
				[illegible]	DM150	1994	10⅜	100½	10.43	Sinking fund to start in 1985 to give 7½ yrs average life.
•				Gaz de France	NK 100	1987	13	99½	13.14	Non-callable.

France's $4-Billion Loan Proving Successful

By Carl Gewirtz
International Herald Tribune

PARIS — France's jumbo $4-billion Euroloan, launched at midweek amid hand-wringing by many international bankers about how difficult it would be to syndicate, ended the week snowballing into the success that lead manager Société Générale had from the beginning insisted it would be.

The size of the loan — the biggest ever arranged for a sovereign state — also had the therapeutic value of focusing bankers' attention to a specific task and away from their morose preoccupation with the potential problems of declining interbank liquidity and debt reschedulings of major Third World borrowers.

While a number of larger Euroloans, some for as much as $6 billion, were syndicated last year for U.S. companies in the merger mania that then gripped the United States, those lines were never drawn. In addition, the market then was awash with liquidity.

But this loan — a war chest to be used to defend the franc on the foreign exchange market — could be drawn in its entirety. In any event, the French government is obliged to have a minimum of one-third drawn during the 10-year duration of the loan.

The maturity, long for a market that currently prefers to lend for

SYNDICATED LOANS

not more than eight years, and the margin, considered by many to be skimpy, are still sources of complaint.

But the French credit is good and foreign banks doing business in France are loath to turn their back on the government's call for assistance.

That did not stop Morgan Guaranty, then Citibank and then Bank of America from refusing the invitation to join as coordinators of the loan, which involves underwriting $250 million. Their refusals reflected their own fears that only a little of the loan could be syndicated and that a large amount would remain with underwriters.

But having gone that far in offending French sensibilities, those three as well as the other major U.S. banks are expected to participate as underwriters for $100 million each.

Société Générale has now abandoned efforts to find a fourth coordinator. The three involved are itself, Arab Banking Corp. and Bank of Tokyo. The coordinators will divide $400,000 for their work — a commission of 0.01 percent.

The remainder of the 0.2 percent total commission that France will pay will be divided among underwriters, 0.165 percent, and selling group members, 0.125 percent.

The half-point margin over the London interbank offered rate is more than French state guaranteed borrowers have been paying. But the Americans clearly preferred to have their part of the loan priced over their prime rate — which would have been more expensive for France and thus more remunerative for the lenders — and the Europeans would have preferred a return closer to ⅜ point over Libor.

Further Yield Increase

However, on the assumption that the entire amount of the loan is not drawn for the full life of the operation, bankers do stand a chance of earning more than would seem apparent because France will be paying a quarter-percent commitment fee on any undrawn amount.

If only half the loan were drawn, lenders would earn 0.5 percent on the amount drawn and 0.25 percent on undrawn portion — raising the yield on the money actually lent by the banks to 0.625 percent. The yield will be increased further since banks can put the undrawn money set aside for France out for loan in the overnight market, earning additional interest income. Thus, the less France draws, the more profitable it is for banks.

Although underwriters have until Monday to reply to the invitation, the market was rife with rumors on Friday that the response will be large enough to allow both a reduction in underwriting commitments for each participant and an increase in the amount if the government wants it.

Bankers are agreed that the terms on the French loan signal an increase in loan charges for all borrowers. Most French state-guaranteed borrowers had been paying a margin of ⅜- ½ point over Libor. But there is some question about how this move will affect the Far East, where borrowers such as Malaysia and Indonesia have been paying ⅜ point over Libor for 10-year money.

Taipower, which is seeking $250 million, is expected to force banks hoping for permission to open branches in Taiwan to offer to lend for 10 years at ⅜ point over Libor.

Nigeria Railway Financing

Meanwhile, the third stage in a total of $460 million in financing for Nigeria's railway is underway for $100 million. Interest on the eight-year loan is set at ⅞ point over Libor. More interesting are the commissions, which total in excess of 5 percent.

The eight lead managers of the $500-million loan for Venezuela's electricity utilities have abandoned efforts to broadly syndicate the transaction and have opted to make it a club loan. The eight-year loan carries a margin of 1 point over Libor and commissions total ⅞ percent. Three co-managers, two Japanese banks and one Kuwaiti bank, have joined and another four are being sought.

Canadian and Japanese banks are managing a loan of 950 million Canadian dollars for Quintette, a Vancouver coal project that will export metallurgical coal to Japan. The bulk of the loan — 700 million dollars — is non-recourse project finance on which lenders earn either 1¼ points over Libor or ⅞ point over the Canadian banks' prime rate. The remaining 250 million is a guaranteed loan with a margin of ¾ point over Libor or ⅜ point over the prime rate.

Yugoslavia's months of efforts to raise $200 million for 18 months from a group of U.S. and Japanese banks is expected to be completed this month, bankers report.

Isveimer, the state institute for economic development of southern Italy, is seeking $250 million based on the U.S. prime rate. A five-year portion carries a margin of ¼ point over the prime for three years and ⅜ point thereafter, while an eight-year part offers ¼ point over prime for one year and ⅜ thereafter.

Multinationals Facing Moves Toward Stricter Regulation

By Paul Lewis
New York Times Service

NEW YORK — Big multinational corporations are coming under a far-reaching attack by countries that want to see them more strictly regulated.

The attack, originating both in the European Community and in the Group of 77, the caucus of Third-World countries in the United Nations, reflects deepening concern over the wealth, power and global reach of these companies.

Indeed, in the view of many labor unionists and socialists in industrial countries as well as many radical Third-World officials, the big corporations have become mini-states in their own right, beyond traditional controls.

The aim of the attack, in each case, is to make large companies more accountable to their employees and to host governments. There are also efforts to force them to do more to advance the industrialization of the Third World.

Substantial Change Possible

If these efforts succeed, it would substantially change the way that such global giants as IBM, IT&T, General Motors, Ford, Eastman Kodak, Unilever, Philips and Royal Dutch Shell routinely carry out their affairs.

"Multinationals probably do face tighter regulation in the 1980s because of the wealth of suspicions they have stirred up," said Thomas Spencer, a British citizen and a Conservative member of the European Parliament, the deliberative body of the European Community. Mr. Spencer is involved in the battle to regulate big business in Europe. "The important thing is to make sure we don't shackle our business with new rules that will only make the recession worse," he said.

Companies operating in Western Europe are concerned by a controversial plan, debated last week in Strasbourg, France, by the European Parliament, to give unions more of a voice in the European operations of multinational companies.

If adopted in its current form by the 10 EC members, the so-called Vredeling plan would require the companies to share confidential, strategic information with their work force. It would also require them to consult their unions on all major decisions, including plant closures and the introduction of labor-saving technology, and give unions the right to bypass local management and carry complaints and questions directly to corporate headquarters.

Vote Postponed

The deputies in Strasbourg decided Thursday to postpone a vote on the amendment until Oct. 10. The delay was attributed to a deep rift that developed between the 117-member Christian Democratic bloc's liberal labor tendency and its conservative business-oriented wing. The multinational companies also brought intense lobbying pressure against the measure.

Another line of attack against the multinational companies will open early next month in Geneva, when Third-World countries will seek control of high-technology patents at a meeting of the United Nations World Intellectual Property Organization. The agency is revising the 1883 Paris Convention, which binds signatory countries to respect one another's patents.

By patenting an invention under the Paris Convention, a company is assured of a manufacturing monopoly in exchange for making the technology available for others to study.

The advocates of more controls for the companies have already lost one round in the fight. At a recent meeting in Manila, Western representatives of big European companies and U.S. multinational concerns doing business in Europe joined forces to resist the enactment of the Vredeling proposal into EC law.

Company representatives argued that the measure, named after Henk Vredeling of the Netherlands, a former EC commissioner for social affairs who originated the law, would give unions unwarranted powers of interference in business decisions and undercut the authority of local management.

Because it would apply to multinational companies based both inside and outside the European Community, opponents say the Vredeling proposals will give EC law just the kind of "extraterritorial reach" that European governments say is unacceptable in President Ronald Reagan's attempt to make Western European companies comply with his Soviet pipeline embargo.

Many business representatives say that the unions are only pressing the plan now to compensate for their inability to safeguard jobs or win better contract benefits during the recession.

" 'Vredeling' as it stands is completely unjustified and will put European companies at a competitive disadvantage," said Heinz Kroger of the Union des Industriels de la Communauté Européenne. This group, which is based in Brussels, is a European industrialists' organization that, in alliance with U.S. chambers of commerce, is leading the drive to kill the proposal.

The European Parliament cannot itself enact the Vredeling proposal, but its action is considered crucial because amendments adopted by the body are likely to be incorporated into the final draft that the European Community's Commission will submit to the Council of Ministers later this year for a binding decision.

European trade unions, socialists and quite a number of Christian Democrats generally favor the Vredeling plan, however, arguing that it could help improve productivity and safeguard workers' rights by associating them more closely with management decisions. "A recession is the time to improve workers' rights rather than wages," said Ernst Piehl, an official of the European Trade Union Congress.

The coming battle over patents in the United Nations property rights organization will also see a high degree of unity among Western businessmen, although this time they are pitted against Third-World governments seeking to wrest control of new technology from multinational companies as part of what is portrayed as a radical redistribution of global wealth.

30-Month Deadline

The Group of 77 wants to require multinational companies patenting a new invention to manufacture it in developing countries within 30 months, thus assuring that Western technology is transferred to the Third World.

If the companies failed to do this, or if they were deemed to have abused a patent, perhaps by making excessive profits, Third-World governments would be able to confiscate the patent and award it to another company for use within their own territory.

"The Group of 77 sees patents as one of the cornerstones of the multinationals' grip on the world economy," said Philip Johnson, a lawyer with the International Chamber of Commerce in Paris, which is coordinating industry's stand. "But what they are proposing is a confiscation system that will encourage companies to keep new technology secret instead of patenting it and risking expropriation."

Size, Power of IBM Become Target of New Protectionism

By Andrew Pollack
New York Times Service

NEW YORK — International Business Machines Corp. is under attack — not by other computer companies but by countries.

The European Community is investigating IBM on antitrust grounds and is angry that the U.S. government has argued on IBM's behalf.

A British water authority recently denied a contract to IBM in part, IBM claimed, because the United States did not support Britain enough in the Falkland Islands conflict.

In Japan, IBM has aroused a fury for helping — some say masterminding — an FBI undercover operation that resulted in the arrests of executives of two prominent Japanese companies for stealing IBM secrets.

And in August, leftist guerillas bombed and shattered an IBM office in Honduras.

These attacks are coming at a time when computers have become a focus of economic nationalism. IBM, the world's largest computer company, has been swept into the world spotlight and must balance its own interests with those of the 125 countries in which it does business.

Government actions have the ability to make or break IBM, as much as, or perhaps more than, any other computer company.

(Continued on Page 15, Col. 6)

Tighter Money Supply Is Not Seen

By Michael Quint
New York Times Service

NEW YORK — Many analysts do not expect the Federal Reserve to press for an immediate reduction in money supply growth, though Friday's report of a $4.3-billion increase in the M-1 money supply puts the measure's level well above the Fed's growth targets.

"Given the underlying weakness in the economy, the Fed is likely to view the greatly expected surge in M-1 as technical in nature and

U.S. CREDIT MARKETS

thus tolerate above-target M-1 growth temporarily," economists at Money Market Services said in their daily commentary.

Many other analysts agreed, and said that the gain in the basic U.S. money supply for the week ended Sept. 8 was due largely to early distribution of Social Security and other government checks on Sept. 2, which then remained on deposit in the banking system longer than normal over the Labor Day holiday weekend.

If the one-week bulge is due largely to issuing of Social Security checks before the long weekend, then analysts expect that large declines later this month should bring the level of money supply closer to the Fed's targets.

The $4.3-billion increase in the M-1 — cash in the public's hands and checking accounts — was a large gain for a single week but one that was widely anticipated.

In advance of the Fed's announcement, interest rates were slightly lower in quiet trading. The Fed arranged temporary purchases of securities for the second consecutive day, a move that temporarily added reserves to the banking system and confirmed the belief of many that the Fed was not trying to tighten monetary policy.

Rates rose slightly after the money supply announcement but still ended the day at lower levels. The three-month Treasury bill, for example, closed at 7.98 percent, higher by five basis points after the announcement, but lower by three basis points on the day.

Late Friday, the upcoming four-year Treasury notes to be sold next Tuesday were quoted by dealers with a yield of about 12.42 percent, while seven-year notes to be sold Wednesday were at 12.5 percent and 20-year, one-month bonds to be sold Thursday were at 12.3 percent.

Although economists said there were no firm signs that the Fed was making bank reserves scarcer in response to above-target money supply growth, traders were still nervous and wondered how long the Fed would tolerate above-target growth.

The $461.2-billion level of M-1 is about $4.3 billion above the level consistent with the Fed's short-term growth target of 5 percent from June to September and $4.6 billion above the level consistent with the top of the Fed's 2½ percent to 5½ percent annual growth target.

"Investors will be waiting anxiously to see how this M-1 increase works off in coming weeks," said Maury N. Harris, a money market economist at Paine Webber Inc. "Until that happens, it's hard to see how the Fed can make credit easier."

While Mr. Harris and many others expect a weak economy to translate into weak demand for money, slow M-1 growth, and lower interest rates, that forecast is not universal.

Fed Errors in Forecast

Reuters reported from New York that a sharp rise in net borrowed reserves at U.S. banks in the week ended Sept. 15 appears largely due to forecasting errors at the Federal Reserve.

A spokesman for the Federal Reserve Bank of New York said Friday, "We found out on Thursday that some of the projections for Wednesday were way off."

Fed data showed that reserves were significantly scarcer than a week earlier, as borrowings from the Fed discount window rose $402 million, to an average of $1.12 billion, while excess reserves in the banking system fell $297 million, to $422 million. The result was a net borrowed reserve figure of $702 million, a sharp contrast to a net borrowed reserve position of about zero in recent weeks.

U.S. Credit market analysts agreed that the Fed did not target the $700-million level for net borrowed reserves, which occurred during a week when the Fed unexpectedly injected reserves by open market operations Monday and then drained reserves from the system Wednesday.

Ted Gibson, a senior economist with Crocker Bank in San Francisco, and William Melton, an economist with Investors Diversified Service in Minneapolis, said they view the rise in net borrowed reserves as a Fed mistake and the increase should not greatly concern U.S. financial markets.

U.S. Consumer Rates
For Week Ended Sept. 17

Passbook Savings	5.50 %
"All Savers" Certificates	8.15 %
6-Month Savings Certificates	9.95 %
Tax-Exempt Bonds Bond Buyer 20-Bond Index	10.74%
Money Market Funds Donoghue's 7-Day Average	9.80 %
Home Mortgage FHLB, average	17.82%

Top U.S. Bank Aims at Europe Retail Market

International Herald Tribune

PARIS — Bank of America is seeking to enter the retail banking market in Europe. Its first move in this area is likely to be a joint venture with Harrods, the London department store, a British banking publication has reported.

The publication, Retail Banker International, said the Bank of America — the largest banking concern in the United States — had reached agreement in principle last week to acquire a majority stake in Harrods Trust, a personal banking business in the store.

But a planned announcement was delayed because of objections from Lonrho, the international trading group that is the largest shareholder of the House of Frazer, which owns Harrods.

The plan envisages that Bank of America would launch a premium card bearing the Harrods label, and that would be accepted internationally through the Visa system.

CURRENCY RATES

Interbank exchange rates for Sept. 17, excluding bank service charges.

	$	£	D.M.	F.F.	I.L.	Gldr.	B.F.	S.F.	D.K.
Amsterdam	2.7395	4.679	109.49 *	38.73 *	0.1947	—	5.493 *	128.52 *	31.06 *
Brussels (a)	48.17	82.23	19.235	6.804	3.4155 *	17.574	—	22.589	5.4555
Frankfurt	2.499	4.284	—	35.25 *	1.778 x	91.30 *	5.204 *	117.40 *	28.40 *
London (b)	1.7123	—	4.2768	12.083	2,410.90	4.6815	82.42	3.6465	15.0895
Milan	1,408.55	2,406.90	562.59	199.15	—	514.48	29.25	659.80	159.78
New York	—	1.71	0.3992	0.1415	0.071 *	0.3671	0.0208	0.4674	0.1125
Paris	7.07	12.097	282.49 *	—	5.021 x	258.50 *	14.695 *	331.88 *	80.30 *
Zurich	2.1285	3.6461	85.265 *	30.13 *	0.1512	77.74 *	4.4285 *	—	24.12 *
1 ECU	0.9404	0.5499	2.3542	6.6526	1,324.58	2.5747	45.2596	2.0043	8.2987
1 SDR	1.07896	0.63156	2.69902	7.6283	1,519.72	2.9558	51.9411	2.3009	9.4949

Dollar Values

$ Equiv.	Currency	Per U.S.$	$ Equiv.	Currency	Per U.S.$	$ Equiv.	Currency	Per U.S.$
0.9578	Australian $	1.0441	0.0346	Israeli shekel	28.93	0.462	Singapore $	2.1645
0.0569	Austrian schilling	17.59	0.0038	Japanese yen	262.80	0.8675	S. African rand	1.1528
0.0201	Belgian fin. franc	49.95	3.4353	Kuwaiti dinar	0.2911	0.0014	S. Korean won	743.60
0.811	Canadian $	1.2331	0.4239	Malay. ringgit	2.3595	0.0089	Spanish peseta	113.08
0.1134	Danish krone	8.825	0.144	Norw. krone	6.947	0.1604	Swedish krona	6.2375
0.2083	Finnish mark	4.801	0.1119	Phil. peso	8.9366	0.0252	Taiwan $	39.81
0.0141	Greek drachma	70.98	0.0114	Port. escudo	88.255	0.0441	Thai baht	22.675
0.164	Hong Kong $	6.0985	0.2907	Saudi riyal	3.44	0.2723	U.A.E. dirham	3.6725
1.364	Irish £	0.7332						

£ Sterling: 1.2536 Irish £.

(a) Commercial franc. (b) Amounts needed to buy one pound. (*) Units of 100. (x) Units of 1,000.

International Bond Prices — Week of Sept. 16

Provided by White Weld Securities, London, Tel.: 623 1277; a Division of Financiere Credit Suisse - First Boston

Amt	Security	Middle Price	Conv. Period	Conv.Pr p/Sh	Conv. Prem.	Curr. Yield Shr%

(Continued from Page 12)

ZERO-COUPON BONDS

Security	Final Maturity	Original Offer Amt	Offering Year	Price	Offered Price

HIGHEST CURRENT YIELDS

On convertibles having a conversion premium of less than 10%.

— Explanation of Symbols —

CN$	Canadian Dollar	SDR	Special Drawing Rights
ECU	European Currency Unit	Y	Yen
EUA	European Unit of Account	LFR	Luxembourg Franc
L	Pound Sterling	SFR	Swiss Franc
DM	Deutsche Mark	FF	French Franc
NKR	Norwegian Kroner - DM		

CANON INC.

Notice is hereby given that at a Meeting of the Board of Directors of the above company held on 2nd, June 1982, it was resolved to make a free distribution to *shareholders of Common shares of Yen 50 each, by the capitalisation from* reserves effective 1st, July 1982.

The New shares will be allotted to shareholders appearing on the Share Register at the close of business on 30th, June 1982, in the ratio of 0.1, of a new share for every share held, and will rank equal to outstanding shares.

Holders of EUROPEAN DEPOSITARY RECEIPTS TO BEARER (SHARE EDR'S) wishing to claim their entitlement, should present Coupon N° 39, at the office of HILL SAMUEL AND CO. LIMITED, 45, BEECH STREET, LONDON, EC2P 2LX, where listing forms are available, or BANQUE INTERNATIONALE A LUXEMBOURG, 2, BOULEVARD ROYAL, LUXEMBOURG.

Holders of BEARER DEPOSITARY RECEIPTS (SHARE BDR'S) wishing to *claim their entitlement should present* Coupon N° 16 at the office of HILL SAMUEL AND CO. LIMITED, 45, BEECH STREET, LONDON, EC2P 2LX where listing forms are available, or:

ALGEMENE BANK NEDERLAND N.V.
32, VIJZELSTRAAT,
AMSTERDAM,
HOLLAND.

THE FUJI BANK LIMITED,
IMMERMANNSTRASSE 3,
4, DUSSELDORF,
GERMANY.

CITIBANK, N.A.
111, WALL STREET,
NEW YORK,
N.Y. 10015,
U.S.A.

KREDIETBANK S.A. LUXEMBOURGEOISE,
43, BOULEVARD ROYAL,
LUXEMBOURG.

SOCIÉTÉ GÉNÉRALE,
29, BOULEVARD HAUSSMANN
75, PARIS 9,
FRANCE.

Full information may be obtained from

HILL SAMUEL AND CO. LIMITED,
45, BEECH STREET,
LONDON EC2P 2LX

IBM

IBM Credit Overseas N.V.

U.S. $100,000,000

13⅞% Notes due August 18, 1987

and

Warrants to Purchase

U.S. $100,000,000 13% Notes due August 18, 1987

Both Note Issues are Unconditionally Guaranteed by

IBM Credit Corporation

Morgan Guaranty Ltd

Credit Suisse First Boston Limited — Salomon Brothers International

Amro International Limited — Banque Nationale de Paris

Banque Paribas — County Bank Limited — Crédit Lyonnais

Deutsche Bank Aktiengesellschaft — Merrill Lynch International & Co.

Swiss Bank Corporation International Limited — Union Bank of Switzerland (Securities) Limited

August 24, 1982

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Du Pont Overseas Capital N.V.

U.S. $200,000,000

14⅛% Guaranteed Notes Due 1989

and

Warrants to Purchase

U.S. $200,000,000 13⅞% Guaranteed Notes Due 1989

The 14⅛% Notes and 13⅞% Notes will be unconditionally guaranteed as to payment by

E.I. du Pont de Nemours and Company

Morgan Guaranty Ltd

Credit Suisse First Boston Limited — Morgan Stanley International

Algemene Bank Nederland N.V. — Banque Bruxelles Lambert S.A.
Crédit Lyonnais — Deutsche Bank Aktiengesellschaft
Kleinwort, Benson Limited — Nomura International Limited
Salomon Brothers International — J. Henry Schroder Wagg & Co. Limited
Société Générale de Banque S.A. — Swiss Bank Corporation International Limited
Union Bank of Switzerland (Securities) Limited — Wood Gundy Limited

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Banque Gutzwiller, Kurz, Bungener (Overseas) Limited — Banque Nationale de Paris
Banque Populaire Suisse SA Luxembourg — Banque Worms — Baring Brothers & Co. Limited
Bayerische Landesbank Girozentrale — Bear, Stearns & Co. — Chase Manhattan Capital Markets Group
Chemical Bank International Group — CIBC Limited — Commerzbank Aktiengesellschaft
Compagnie de Banque et d'Investissements, CBI — Continental Illinois Limited — County Bank Limited
Crédit Industriel d'Alsace et de Lorraine — Daiwa Europe Limited — Euromobiliare
Fuji International Finance Limited — Gefina S.p.A — E. F. Hutton International Inc.
Japan International Bank Limited — Kidder, Peabody International Limited — Lazard Frères et Cie
LTCB International Limited — Merrill Lynch International & Co. — Mitsubishi Bank (Europe) S.A.
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Norddeutsche Landesbank Girozentrale — Nordic Bank PLC — Österreichische Länderbank
Pierson, Heldring & Pierson N.V. — Schroder, Münchmeyer Hengst & Co.
Skandinaviska Enskilda Banken — Sparebanken Oslo Akershus
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August 25, 1982

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Mexico Faces Obstacles in Selling Stocks Gained in Bank Takeover

By Alan Riding
New York Times Service

MEXICO CITY — When Mexico nationalized the country's private banks on Sept. 1, it also inherited a huge industrial empire of shares owned by the banks in hundreds of leading Mexican companies.

The government soon announced that, rather than keep the shares, it would sell them, and perhaps put the proceeds toward compensation to the former owners of the banks.

But it has found that doing this will not be easy. For one thing, Mexico's depressed stock market seems incapable of absorbing a flood of shares. For another, Mexico's private sector is pressing for a return of the shares to their original owners, while leftist groups argue that the state should control them.

"If the government keeps these shares," said one businessman, "then we're definitely moving toward a socialist economy."

The bank nationalization has already changed the face of Mexican business, temporarily at least. By taking over Banca Serfin and Banpais, for example, the government automatically became the largest stockholder of Cydsa, a chemical company based in Monterrey, with 37.37 percent of the shares.

Similarly, by expropriating Bancomer, which had been Mexico's largest private bank, the government became the owner of a controlling 68.7 percent of Minera Frisco, a major mining company.

The government has also found that it holds 48.5 percent of the shares of El Puerto de Liverpool, a major retail chain, as well as shares in other department stores.

While businessmen are complaining loudly about the government's increased role in the economy, leftist economists take a different view. They argue that the bank nationalization exposed enormous power exercised by the country's leading financial groups.

There was a concentration of resources, with the two largest banks — Bancomer and Banamex — controlling 47 percent of total assets, and the leading six banks — including two already controlled by the government — controlling 79.5 percent of all assets.

Diverse Areas

The nonfinancial investments of Bancomer were channeled into such diverse areas as chemicals, paper, tires and retailing. At the prevailing exchange rate seven weeks ago, these shares were worth $224 million, or 56 percent of the banks' net worth.

Banamex, which had recently become Mexico's largest bank, had widely varied interests, including a 40-percent share of Bufete Industrial, one of Mexico's largest construction concerns. Banamex also held shares in hotel chains, food processors, telecommunications companies and retail stores. Stocks held by the bank were valued on July 31 at $324 million, or 80 percent of its net worth.

Some banks were closely linked to major economic groups. Banca Serfin, for example, had been transformed from the traditional Bank of London and Montreal into Mexico's third-largest bank after it was taken over by the Visa conglomerate, based in Monterrey. Similarly, Banpais was effectively part of the Vitro glass group, also with headquarters in Monterrey.

In some cases, Mexican banks had formed joint ventures with foreign investors, including Ralston Purina, Deere & Co., Kimberly-Clark and Anderson, Clayton & Co. This was because the government has limited foreign ownership to 49 percent of an enterprise.

Even before the bank nationalization, the public sector already accounted for about 50 percent of Mexico's gross domestic product, through control of the oil, electricity and rail sectors. It also had major stakes in petrochemicals, fertilizers, mining, steel and aviation.

Having nationalized the banks, the administration has shown reluctance to alienate the private sector further by holding onto the banks' industrial shares. Yet the government seems uncertain as to how to dispose of them.

Because of the uncertain status of these shares, trading on the Mexican stock exchange has been suspended since the bank nationalizations. Investment analysts have said that because most stock prices are at a low ebb, the government could not sell without badly damaging the market. An alternative, they suggested, would be to negotiate a realistic price for the shares and hand them back to the banks' former owners as partial compensation.

"The problem with that is political," an analyst said. "The government is boasting that it has broken the economic grip of the financial groups, but returning the shares would effectively rebuild them."

Holdings of Mexico's Leading Nationalized Banks
June 30, 1982, figures in millions of dollars

Bank	Total assets*	Non-financial interests
Banamex	$13,800	Construction, chemicals, foods, hotels, mining, paper, porcelain, telecommunications, tires and retail stores
Bancomer	13,000	Chemicals, food, electrical appliances, liquor, paper, tires and retail stores
Banca Serfin	5,600	Chemicals, paper and retail stores
Multibanco Comermex	4,700	Cement, electro-mechanics, shipping, steel and timber
Banco del Atlantico	1,400	Cement, liquor and machine tools
Banpais	1,000	Chemicals and glass
Banca Cremi	880	Beer, mining and retail stores

*Includes bank and non-bank assets

Arco, China Sign Deal to Explore Offshore for Oil

New York Times Service

BEIJING — Atlantic Richfield on Sunday became the first U.S. oil company to win China's permission to start drilling for oil in Chinese offshore waters.

The 25- to 35-year contract, which was awarded in partnership with Santa Fe International, covers a large area in the South China Sea just south of Hainan Island was signed Sunday with China's National Offshore Oil Corp.

Arco China, an Arco unit, holds an 80-percent interest in the contract, while Santa Fe Minerals Asia has the remaining 20 percent.

Other foreign companies that have signed agreements with China for oil exploration rights are Japan National Oil Corp., and Elf-Aquitaine and Compagnie Française des Pétroles, both of France.

North Americans Capitalize on Mart's 'Mania'

(Continued from Page 13)

Gulf, its 14⅛s of 1985, could be purchased on the secondary market for a yield of almost 14 percent, as could the issues for Pembroke Capital, which is guaranteed by Gulf and Texaco.

Bankers are agreed that something has got to give: Either a full boom develops in the bond market, bringing secondary market yields into historic line with primary market offerings or a collapse of the prices on the recent issues bring their yields up to the levels prevailing in the secondary market. Bets currently favor the latter view, but there remains a nagging suspicion that a powerful bond market rally may be in the making.

Recession Signs Cited

Those who suspect a rally point to the continuing indications of sustained recession in the United States — industrial production continues to decline, retail sales are down, housing starts are off, car sales are weakening. From this, these analysts conclude, the Federal Reserve will be impelled to shift its concern from restricting the growth in money supply to fostering an economic revival.

The money supply is expanding faster than targeted, but the latest week's growth of $4.3 billion reported late Friday was half the size some analysts had been projecting. In addition, the financing of the federal deficit appears to be proceding more smoothly than expected, as worried money flowing out of the banking system and banking securities in the United States is finding its haven in Treasury securities.

Having said all that, the evidence for an impending boom in the bond market remains scant. The $925 million in exceptionally priced U.S. corporate Eurobonds issued over the past two weeks is all trading below the issue price. But the price declines are not so great as to rank the issues as dismal failures.

In some cases, managers are said to be sitting on substantial amounts. This is causing no problem as overnight money — the cost to dealers to finance holding unsold bonds — is around 11 percent, meaning they can make a profit holding the new issues.

The IBM 12⅛s of 1992 were the best placed issue with the bonds quoted at 99⅛ for a yield of 12.31 percent. Coca-Cola 11¾s of 1981, trading at 97¼, are yielding 12.33. General Electric Credit 12s of 1981, quoted at 97¼, yield 12.53 percent.

Walt Disney, which offered $75 million of 6½-year paper at par bearing a coupon of 12½ percent ended the week quoted at 98½ for a yield of 12.84. The odd maturity is related to the fact that the issue is a currency swap into yen.

Prudential, which increased its five-year offering to $150 million from the initially indicated $100 million, was priced at par bearing a coupon of 12¾ percent and ended the week quoted at 99½ for a yield of 12.89 percent.

Exxon Issue Confirmed

Seagram, which was announced late Friday, is offering $100 million of seven-year notes bearing a coupon of 12¾ percent at a discount of 99½ for a yield of 12.86 percent. However, the paper was trading at 98¼ for a yield of 13.15 percent.

The rumors of an impending offer for Exxon were confirmed last week when the oil company announced plans to launch the first of its long studied universal issues. Registered with the Securities and Exchange Commission, the Exxon paper will be available for sale both at home and abroad. However, Exxon believes it can do better for itself than any investment bank can and is inviting banks to simply bid to buy the five-year paper on which Exxon will pay a semi-annual coupon of 11 percent.

In all, Exxon has registered to sell $500 million of such paper. The first $135 million will be offered on Sept. 28 and a further $165 million will be offered after October.

Theoretically, the bidding should be fierce since, if the paper is to be pitched to domestic U.S. investors, Exxon must be prepared to sell the the paper at a discount to yield something like a quarter of a point over comparably dated U.S. government paper. But Exxon paper yielding more than Treasuries should be quite attractive to European banks that have been buying Gulf paper at 20 basis points below comparable Treasury paper.

From the point of view of European banks, there are two drawbacks to bidding. One, minor, inconvenience is the semi-annual payment of interest since nowadays coupons on all straight Eurobond debt is paid annually.

The other, more serious, drawback is that there will be no glory attached to this transaction. No tombstone (newspaper and magazine advertisements naming the banks that bought the issue) means there will be no publicity for the banks. And as Exxon now prefers to do its own deals there is no incentive for banks to bid aggressively and show their prowess so as to curry favor with the borrower in hopes of landing its future business.

The only reason to bid will be to get relatively scarce Exxon paper to put in investors' portfolios. The bidding next week will show how much that counts for.

In the Deutsche mark sector, bankers have agreed on a new issue calendar of 1.7 billion in new issues over the coming six weeks. The first, to be announced Monday, will be a 150-million DM issue for Beecham, the British pharmaceutical and toiletries firm.

On Tuesday, the European Investment Bank will offer 200 million DM. On Wednesday, General Motors will make its debut on the market for 100 million DM and Tagukin, a Hong Kong bank, will offer 30 million DM. Friday will see a 100-million DM issue for Eurofima and a 100-million DM private placement for the World Bank.

October's issuers include Bass, the British brewers, Australia, Sears & Roebuck, the European Coal and Steel Community, Guest Keen & Nettlefolds of Britain and the European Community.

Friday's news that the coalition government in Bonn collapsed had no discernable impact on the bond market, although share prices in Frankfurt surged on hopes that a conservative administration could get business moving again.

Overall, bankers are confident that the new-issue calendar will have no trouble being absorbed, because of the high quality of the issuers.

By contrast, the current offering for the African Development Bank met with a poor reception despite the high 10-percent coupon offered. The seven-year paper, which is expected to be priced at par, was quoted on a when-issued basis of 98¼.

The fledgling Euroyen sector is expected to come alive this week with an offering for Australia.

Eurobond Yields
For Week Ended Sept. 15

Int'l inst. lg. term US$	14.13 %
Ind. long term, US$	15.59 %
Ind. medium term, US$	15.78 %
Can.$ medium term	16.78 %
French fr. medium term	16.71 %
Int'l inst. lg term yen	8.46 %
ECU medium term	13.31 %
EUA long term	11.99 %
Int'l inst. lg term FLx	10.51 %
FLx long term	10.81 %

Calculated by the Luxembourg Stock Exchange

Market Turnover
For Week Ended Sept. 17
(Millions of U.S. Dollars)

	Total	Dollar	Non-dollar Equivalent
Cedel	5,766.1	4,737.3	1,028.8
Euroclear	8,207.1	7,563.3	643.8

Gold Options (prices in $/oz.)

Prices	Nov	Feb	May
400	38.50-40.50	53.00-57.00	—
450	27.50-31.50	45.00-49.00	65.00-69.00
470	19.00-23.00	38.00-42.00	55.00-59.00
490	13.50-17.50	29.00-33.00	45.00-49.00
510	8.00-10.00	20.00-24.00	34.00-38.00
530	4.00-6.00	14.00-17.00	28.00-32.00

Gold 444.00-444.00

IBM's Troubles Abroad Growing

(Continued from Page 13)

Certainly the most serious threat to IBM's dominance of the U.S. computer market was not Honeywell or Burroughs, but the U.S. government antitrust suit, which was dismissed in January. Now it is Japan's government-backed thrust into the computer business.

"The competitive issues and the government issues have been merged both in Europe and Japan," said Yves Doz, professor at INSEAD, the European Institute for Business Administration in Fontainebleau, France.

Thus, the EEC, in its antitrust case, wants to compel IBM to release specifications of its new computers in time to let other computer companies get to market with machines that can attach to IBM computers or compete with them. The U.S. government said it has argued on IBM's behalf because such early disclosure would help the Japanese and hurt U.S. technology.

And there is suspicion, especially in Japan, that the FBI undercover operation that resulted in the arrests of the Japanese executives was a plot to help IBM. The FBI maintains it was merely protecting U.S. technology.

Worrisome Trend

The trend toward government protection is particularly worrisome for a company like IBM, which depends heavily on its non-U.S. operations. Foreign business in the past few years has accounted for roughly 50 percent, sometimes slightly more, of IBM's total revenues and earnings. Last year, largely because of the strength of the dollar, foreign operations accounted for 48 percent of revenues of $29.1 billion and 37.5 percent of net income of $3.3 billion.

Over the years, IBM has developed an elaborate system for managing its dealings with national governments. IBM blends into the background of the countries, then makes its appeals to government's based on the national interest rather than on IBM's interest.

It generally behaves ethically, yet is not above playing one government against another, using the law to its fullest advantage or bringing into play its own considerable power and resources which stem from its size and its dominance of the market for a vital product.

Governments have three reasons to be wary of IBM. First, it is a multinational corporation, meaning its interests might not coincide with those of the nations in which it operates. Second, it is a U.S. company. Third, it is a computer company.

Computers are considered vital for national economic growth and national defense, much as is oil. There has even been some expression that control of computers and related telecommunications should be the province of government itself. For the French, fear of IBM's potential power has at times become an obsession.

"As a controller of networks, the company would take on a dimension extending beyond the strictly industrial sphere," said a 1978 report to Valéry Giscard d'Estaing, then the president of France. "It would participate, whether it wanted to or not, in the government of the planet."

To cope with economic nationalism, IBM's main tactic is protective coloring. IBM hires local citizens wherever it operates. Less than 1 percent of IBM's 150,000 overseas employees in 125 countries are U.S. citizens. It tries to buy from local suppliers and, where possible, contribute to the tax base and to the balance of trade and conform with local customs.

IBM can also get tremendous leverage from its customers, who are often government agencies, banks and other important institutions that are vitally dependent on IBM equipment.

Treasury Bills

	Bid	Ask	Yield
9-23-1982	5.35	4.87	[illegible]
9-30	5.90	5.64	[illegible]
10-7	6.44	6.42	[illegible]
10-14	6.46	6.46	[illegible]
10-21	6.81	6.63	[illegible]
10-28	6.80	6.62	[illegible]
11-4	7.16	6.98	[illegible]
11-12	7.19	7.01	[illegible]
11-18	7.34	7.22	[illegible]
11-26	7.58	7.40	[illegible]
12-2	7.89	7.73	[illegible]
12-9	7.93	7.77	[illegible]
12-16	7.96	7.98	[illegible]
12-23	8.08	7.94	[illegible]
12-30	8.14	8.02	[illegible]
1-6-1983	8.33	8.21	[illegible]
1-13	8.45	8.33	[illegible]
1-20	8.70	8.56	[illegible]
1-27	8.86	8.74	[illegible]
2-3	9.01	8.89	[illegible]
2-10	9.12	9.01	[illegible]
2-17	9.25	9.13	[illegible]
2-24	9.33	9.21	[illegible]
3-3	9.42	9.30	[illegible]
3-10	9.50	9.38	[illegible]
3-17	9.46	9.40	[illegible]
3-24	9.56	9.43	[illegible]
4-21	9.72	9.61	[illegible]
5-19	9.89	9.77	[illegible]
6-16	10.02	9.92	[illegible]
7-14	10.10	10.00	[illegible]
8-11	10.09	9.99	[illegible]
9-8	10.06	10.00	[illegible]

Kredietlux Indices Sept. 17
(Base 100 May 1, 1977)

Industrials, US $	75.44
Int'l Institutions	87.98
Canadian $	84.38
UC 17	100.54
UC 9	82.86
DM	95.38
Guilders	99.26
FF	114.14
F Lux	92.12

Over-the-Counter

NEW YORK (AP)-Weekly Over the Counter stocks giving the high, low, and last bid prices for the week with the net change from the previous week's last bid prices. All quotations supplied by the National Association of Securities Dealers, Inc., are not actual transactions but are representative interdealer prices at which these securities could have been sold. Prices do not include retail markup, markdown or commission.
Sales supplied by NASD.

	Sales in 100s	High	Low	Last	Net Ch'ge
ABFort .14e	816	31½	30⅝	31⅜	+ ⅛
AEC .20l	6	4¾	4¾	4¾	
AFG	414	11	10½	10¾	— ¼
AGM .20	7	13	12¾	13	+ ¼
AGS	153	10	8½	9½	+1
AMCbl	398	5¼	4⅝	5⅛	+ ⅜
AMFI .11	2	13½	13½	13½	
ASKCpt	584	18¼	17⅝	18¼	+ ⅝
AVMCp	80	4¼	4	4	— ¼
[illegible]					

	Sales in 100s	High	Low	Last	Net Ch'ge
AutoMk .10e		9⅝	9⅝	9⅝	
AutMed	360	4½	3½	4½	+ ⅝
Auxton .05r	255	33	30¾	32	+1
Avntek	3093	16⅝	15½	16⅝	+ ¾
Avatar	106	9⅝	9½	9⅝	+ ⅛
AviatGp	354	14	13¾	13¾	
AztcM .40b	390	9½	7	7¼	—2½
—B—B—					
BBDO 1.40	345	52¾	51¼	52¾	+1½
BIWCbl .10	113	13¾	13¼	13½	+ ¼
BPISy	778	18½	16½	18	+1
BSNCp .02e	1092	3⅝	3⅛	3⅝	+ ⅛
BSN un	308	4⅝	4⅛	4⅝	+ ⅝
BairdCp t	47	6⅛	6	6	— ⅛
BakerFe 2a	22	63	63	63	
BaldwLy .80	2	34½	34½	34½	
Balco	346	2⅞	2¼	2⅞	+ ½
BallyPP	67	7	6⅝	6⅝	— ⅜
BancOne 1.80b	461	41¼	40½	40¾	— ½
BncPonc 1.68	31	15½	15½	15½	
BancoP $1.20a	4	14	14	14	
Bncohio 1	627	14	13½	13¾	+ ⅛
Bancokl .70	405	15	13¾	14¾	+ ⅝
BcpHaw 1.18	236	18⅝	18½	18⅝	+ ¼
BcHaw pf2.25	11	25	25	25	
[illegible]					

[illegible]

(Continued on Page 17)

Over-the-Counter

(Continued from Page 16)

Sales in 100s	High	Low	Last	Net Ch'ge
[illegible]				

Consolidated Trading Of AMEX Listings

Week Ended Sept. 17

[illegible]

Consolidated Trading Of NYSE Listings

Week Ended September 17

[illegible]

Brewers' 14-0 Rout Puts Yankees Out of Race

MILWAUKEE — Robin Yount drove in four runs with a homer, a double and two singles, and Gorman Thomas hit a three-run homer Friday night in powering the Milwaukee Brewers to a 14-0 rout of the New York Yankees. The loss eliminated the Yankees from the American League pennant race.

Mike Caldwell pitched a three-hitter and improved his season record to 16-11. He struck out two and walked one in pitching his 11th complete game.

FRIDAY BASEBALL

The Brewers tagged Stefan Wever, who was making his major-league debut, for nine runs in 2⅔ innings.

In the first, Paul Molitor singled and scored on Yount's double. A bloop double by Cecil Cooper knocked in Yount, and Ted Simmons was safe on an error by shortstop Andre Robertson. One out later, Thomas hit his 36th homer deep into the left-field bleachers to give Milwaukee a 5-0 lead.

The Brewers added a run in the second on Cooper's sacrifice fly and pushed across three more runs in the third on a run-scoring single by Charlie Moore and Yount's bases-loaded, two-run single.

Milwaukee scored a run in the sixth on a sacrifice fly by Simmons and then added four runs in the seventh. Doyle Alexander balked home one run before Molitor lined an RBI triple into the left-field corner. Molitor then scored on another balk by Alexander before Yount hit his 24th homer to close out the scoring.

Indians 5, Orioles 3

In Baltimore, Von Hayes drove in four runs with a homer and a single and Rick Manning also homered in helping Cleveland snap the Orioles' five-game winning streak with a 5-3 victory. Rick Sutcliffe (13-6) allowed only four hits and survived seven walks in eight innings for the victory.

Blue Jays 6, Angels 2

In Toronto, the Blue Jays used homers from Jesse Barfield and Buck Martinez to post a 6-2 triumph over California. Jim Clancy (13-14) allowed eight hits and struck out five over eight innings.

Twins 5, Royals 4

In Minneapolis, Tom Brunansky and Gary Ward hit two-run homers in the third inning, and Brad Havens scattered eight hits over eight innings to lead the Twins past Kansas City, 5-4. Frank White, Jerry Martin and Willie Aikens homered for the Royals.

Tigers 5, Red Sox 1

In Detroit, Dan Petry allowed seven hits in 8⅔ innings and lowered his earned run average to 2.97 in leading the Tigers over Boston, 5-1.

Mariners 6, Rangers 0

In Seattle, Bob Stoddard pitched a two-hitter and Al Cowens and Gary Gray hit bases-empty homers to lead the Mariners over Texas, 6-0.

Cardinals 3, Mets 2

Cardinals 7, Mets 1

In the National League, at New York, Keith Hernandez drove in the go-ahead run and George Hendrick hit a two-run homer in a three-run third to give St. Louis a 7-1 victory over the Mets and a sweep of a doubleheader. In the opener, Willie McGee looped a run-scoring double with one out in the 10th to give St. Louis a 3-2 triumph.

Pirates 3, Phillies 2

In Philadelphia, Brian Harper hit a three-run homer and Rick Rhoden scattered seven hits over seven innings to lead Pittsburgh past the Phillies, 3-2.

Reds 5, Braves 2

In Cincinnati, Mario Soto pitched a five-hitter and Dan Driessen and Johnny Bench homered to give the Reds a 5-2 victory over Atlanta. Soto (13-11) walked one and struck out nine in raising his strikeout total to 250.

Cubs 3, Expos 1

In Montreal, Keith Moreland homered and Jody Davis drove in a pair of runs with a sacrifice fly and a single to lead Chicago past the Expos, 3-1. Randy Martz pitched 6⅔ innings to get the victory.

Dodgers 9, Astros 2

In Los Angeles, Jerry Reuss earned his fifth straight victory and Pedro Guerrero and Ron Cey homered to help the Dodgers beat Houston, 9-2.

Padres 4, Giants 2

In San Francisco, Terry Kennedy hit a two-run homer and Gary Lucas pitched 3⅔ innings of shutout relief to give San Diego a 4-2 victory over the Giants.

More Sports On Page 19

Friday and Saturday Baseball Line Scores

FRIDAY'S GAMES

American League

Boston 000 000 001—1 7 1
Detroit 200 102 00x—5 8 0
Denman, Crawford (7) and Gedman, LaFrancois (9); Petry, Lopez (9) and Fahey. W—Petry, 15-8. L—Denman, 2-2. HRs—Detroit, Lopa (2), Lemon (15).

California 000 100 000—1 8 1
Toronto 032 100 02x—6 12 0
John, Goltz (3) and Boone; Clancy, Murray (9) and Martinez. W—Clancy, 13-14. L—John, 12-12. HRs—Toronto, Barfield (14), Martinez (7).

Cleveland 000 000 320—5 11 1
Baltimore 000 200 001—2 4 0
Sutcliffe, Glynn (9) and Hassey; D.Martinez, Stewart (7), T.Martinez (8), Stanhouse (9) and Nolan. W—Sutcliffe, 13-6. L—D.Martinez, 14-12. HRs—Cleveland, Manning (8), Hayes (13).

New York 000 000 000— 0 3 1
Milwaukee 513 001 400—14 15 0
Wever, Frazier (3), Alexander (4), McGlothen (8) and Cerone; Caldwell and Simmons. W—Caldwell, 16-11. L—Wever, 0-1. HRs—Milwaukee, Thomas (36), Yount (24).

Kansas City 010 000 012—4 9 0
Minnesota 000 400 01x—5 8 0
Splittorff, Armstrong (4), Tufts (8) and Wathan, Slaught (9); Havens, Davis (9) and Butera. W—Havens, 9-13. L—Splittorff, 9-10. HRs—Kansas City, White (9), Aikens (14), Martin (11). Minnesota, Brunansky (19), Ward (27).

Texas 000 000 000—0 2 0
Seattle 000 212 10x—6 11 0
Smithson, Mirabella (6), Darwin (8) and Sundberg; Stoddard and Sweet. W—Stoddard, 2-1. L—Smithson, 2-3. HRs— Seattle, Cowens (20), Gray (6).

Oakland at Chicago — postponed, rain.

National League

(First Game)

St.Louis 200 000 000 1—3 4 0
New York 000 010 100 0—2 4 2
Rasmussen, Sutter (8) and D.Porter; Lynch, Allen (9) and Hodges. W—Sutter, 9-8. L—Allen, 3-7. HR—New York, Kingman (37).

(Second Game)

St.Louis 103 000 030—7 9 2
New York 100 000 000—1 8 2
Mura, Bair (6) and Porter; Holman, Orosco (5), Scott (7), Diaz (8) and Bochy. W—Mura, 12-10. L—Holman, 0-1. HR—St. Louis, Hendrick (18).

Chicago 000 100 101—3 6 0
Montreal 000 001 000—1 8 0
Martz, Campbell (7), LeSmith (9) and Davis; Gullickson, Reardon (8), B. Smith (9) and Carter. W—Martz, 10-9. L—Gullickson, 11-12. HR—Chicago, Moreland (15).

Pittsburgh 001 030 000—4 7 0
Philadelphia 000 010 001—2 10 0
Rhoden, Tekulve (8) and Nicosia; Carlton, Farmer (6), Altamarino (9) and Diaz, Roberts (9). W—Rhoden, 11-12. L— Carlton, 20-10. HR—Pittsburgh, Harper (2).

Atlanta 010 010 000—2 5 2
Cincinnati 211 000 01x—5 11 1
Camp, Perez (5), Bedrosian (7) and Benedict; Soto and Trevino. W—Soto, 13-11. L—Camp, 11-9. HRs—Cincinnati, Dreissen (15), Bench (13).

San Diego 013 000 000—4 10 1
San Francisco 000 101 000—2 9 0
Dravecky, Lucas (6) and T.Kennedy; Laskey, Chris (3), Lavelle (8) and Brenly. W—Dravecky, 5-3. L—Laskey, 13-11. HRs—San Diego, Kennedy (19). San Francisco, Clark (26).

Houston 010 000 010—2 9
Los Angeles 202 050 00x—9 10 2
DiPino, Ruhle (5), Ross (6), Moffitt (7) and Ashby; Reuss, Niedenfuer (9) and Yeager. W—Reuss, 17-10. L—DiPino, 1-2. HRs—Los Angeles, Guerrero (31), Cey (21).

SATURDAY'S GAMES

American League

Boston 200 000 103—6 10 0
Detroit 200 000 000—2 8 1
Rainey, B.Stanley (2) and Allenson; Ujdur, Lopez (7) and Fahey, Parrish (7). W—B.Stanley, 11-4. L—Ujdur, 9-9. HRs— Boston, Allenson (4), Yastrzemski (16). Detroit, H.Johnson (3).

Kansas City 000 300 110— 5 11 1
Minnesota 204 301 10x—11 14 0
Blue, Hood (4), Botelho (7) and Wathan; A.Williams and Laudner. W—A. Williams, 9-7. L—Blue, 13-10. HRs—Kansas City, Otis (10), White (18). Minnesota, Gaetti (23), Laudner (7), Mitchell (2).

California 101 102 012—8 15 0
Toronto 321 000 000—6 12 1
Witt, Curtis (1), Sanchez (6) and Boone; Gott, Geisel (4), R.L.Jackson (6), D.Murray (8) and Petralli. W—Sanchez, 7-3. L—D.Murray, 8-6. HRs—California, Re.Jackson. Toronto, Woods (3).

Cleveland 000 000 002—2 6 0
Baltimore 400 010 00x—5 8 0
Anderson, Reed (6) and Bando; McGregor, Davis (8) and Nolan. W— McGregor, 14-12. L—Anderson, 3-2. HR— Cleveland, Hayes (14).

New York 022 000 000—4 9 0
Milwaukee 130 301 00x—6 16 2
Howell, Morgan (4), Kaufman (7) and Cerone; McClure, Bernard (9) and Simmons. W—McClure, 11-7. L—Howell, 1-2. HRs—New York, Winfield (36). Milwaukee, Molitor (16).

(First Game)

Oakland 000 000 200—2 5 1
Chicago 000 001 000—1 6 0
Codiroli, T.Underwood (8) and Heath; Dotson, Hickey (8) and Fisk. W—Codiroli, 1-1. L—Dotson, 11-12. HR—Oakland, Burroughs (14).

(Second Game)

Oakland 000 110 201—5 14 1
Chicago 000 400 000—4 6 0
Kingman, Beard (8) and Newman; Lamp, Brusstar (6), Lyle (7), Barojas (7), Hickey (9) and Hill, Fisk (5). W— Beard, 9-8. L—Barojas, 6-6. HR—Oakland, Sexton (2).

Texas 116 000 200—10 11 1
Seattle 017 002 000— 4 10 3
Mason, Butcher (6) and Johnson; Moore, Gleaton (2), Andersen (3), Bordi (3), Musselman (7) and Essian, Mercado (8). W—Mason, 1-1. L—Moore, 7-12. HRs—Texas, Johnson (2), Parrish (15), Dent (1). Seattle, Gray (7).

National League

Chicago 000 003 070—10 13 0
Montreal 204 001 000— 7 10 1
Bird, Stein (5), Proly (6), Tidrow (7), Le.Smith (8) and J.Davis; Lerch, Burris (6), B.Smith (8), Fryman (8), Schatzeder (9) and Carter. W—Tidrow, 7-3. L—Fryman, 8-4. HRs—Chicago, Je.Morales (4), Wills (6). Montreal, Carter (28), Wallach (22), Dawson (21).

San Diego 000 000 100—1 5 0
San Francisco 000 102 01x—4 9 1
Eichelberger, Lucas (8) and Swisher; Gale, Lavelle (7) and May. W—Gale, 7-14. L—Eichelberger, 7-13. HRs—San Francisco, Evans (15), May (9), Bergman (4).

(First Game)

St. Louis 000 100 001—2 8 1
New York 000 000 000—0 5 0
Forsch, Sutter (8) and Tenace; Falcone, Puleo (9) and Hodges. W—Forsch, 15-9. L—Falcone, 8-10. HR—St. Louis, Green (2).

(Second Game)

St. Louis 020 101 200—6 9 1
New York 001 000 001—2 10 2
Kaat, Lahti (4) and Porter; Terrell, Gorman (7), Sisk (8) and Bochy. W—Lahti, 5-3. L—Terrell, 0-1. HRs—St. Louis, Porter (10). New York, Ralsich (2), Bochy (2).

Atlanta 300 011 000—5 8 1
Cincinnati 000 010 120—4 8 2
P.Niekro, Garber (7) and Benedict, Sinatro (9); Pastore, Harris (6), Lesley (8) and Van Gorder, Trevino (9). W—Niekro, 15-4. L—Pastore, 8-11. HRs—Cincinnati, Oester 2 (8).

Pittsburgh 000 120 001—4 12 1
Philadelphia 010 110 20x—5 8 1
Robinson and Pena; Christianson, Monge (7), Reed (9) and Virgil, Roberts (7). W—Monge, 7-1. L—Robinson, 15-11. HRs—Pittsburgh, Madlock (19). Philadelphia, Virgil (2), Rose (3).

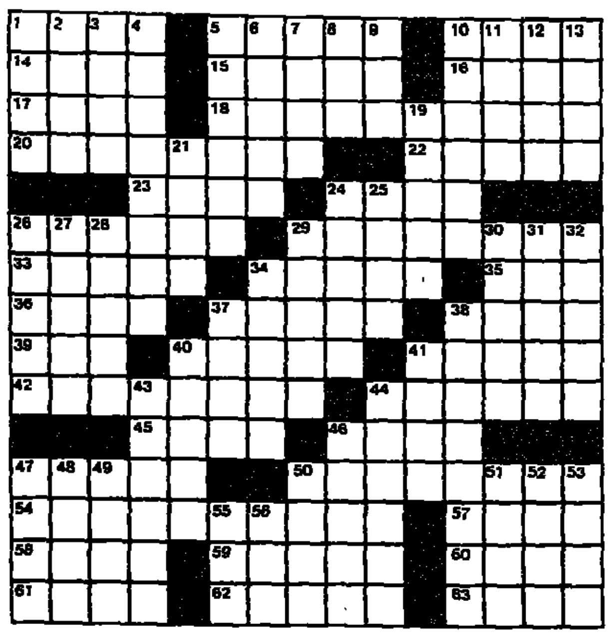
Houston 100 001 000—2 4 0
Los Angeles 000 000 000—0 2 2
J.Niekro and Pujols; Welch and Yeager, Sciosci0 (9); W—J.Niekro, 16-10. L—Welch, 15-11. HRs—Houston, Knight (6), Pujols (4).

Chicago Exchange Options

For the Week Ending Sept. 17, 1982

Option & price	Calls			Puts		
[illegible]						

CROSSWORD



ACROSS

1 Like Savalas
5 Long and thin
10 Underground growth
14 Mélange
15 Joe Miller joke
16 Catch sight of
17 Thine, in Tours
18 Orwellian relative
20 Jolson relative
22 Kind of offering
23 Parts of a fathom
24 Mineral springs
26 Din
29 —— Marie
33 Draw material into gathers
34 Mixes
35 Author Deighton
36 Position of control
37 Skirt style
38 Carry on
39 Chemical ending
40 Official decree
41 Sir, in Barcelona
42 Dhu or Hudson of fiction
44 Like Sumatra's climate
45 Thames gallery
46 Actress Storm
47 Guinness et al.
50 Give up, relatively speaking
54 Relative prominent on New Year's Eve
57 "Sure thing" exponent
58 Prefix for cede
59 More logical
60 Mystery writer Gardner
61 —— up, as a horse
62 Lock of hair
63 —— ex machina

DOWN

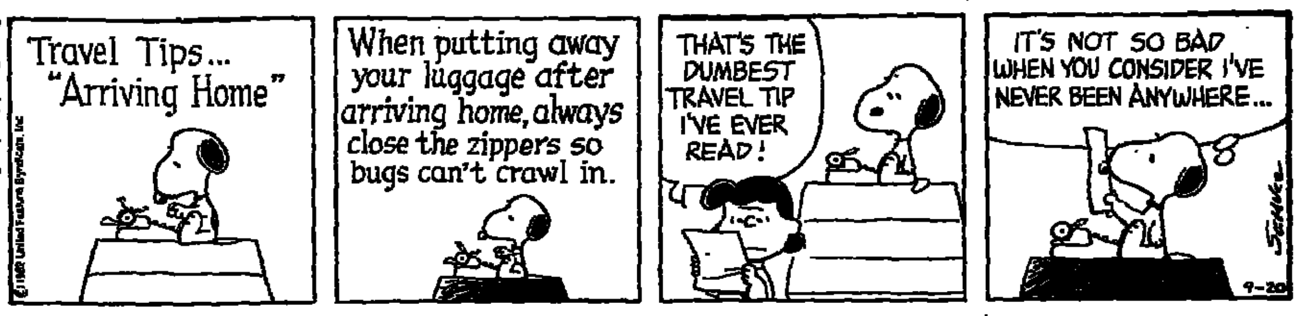
1 Anaconda and python
2 Palo ——
3 Simba
4 "How all occasions —— against me": Hamlet
5 Sutton was one
6 "Romola" author
7 Nervous
8 Dip bait lightly
9 Suffix with law or saw
10 Teacher's second checkup
11 Fed. agency
12 Oil cartel
13 Ancient Phoenician capital
19 October gemstones
21 Twelve months
24 Holy person
25 Unadulterated
26 Wedding attendant
27 Prefix with barbital
28 Het up
29 What T.R. toted
30 Lie on an incline
31 Pavarotti, e.g.
32 Vestibule
34 —— of life
37 Mine entrance
38 Softened
40 Obliterate
41 Sea of the Philippines
43 Durer was one
44 Mystery writer Dorothy
46 Events at Shea
47 Not near
48 Highway division
49 Kett of comics
50 Trig function
51 Center
52 Lollapalooza
53 Savoie summers
55 UVW predecessors
56 —— and feather

WEATHER

	HIGH C	HIGH F	LOW C	LOW F			HIGH C	HIGH F	LOW C	LOW F	
ALGARVE	23	73	16	61	Fair	LOS ANGELES	26	79	16	61	Fair
ALGIERS	29	84	12	54	Overcast	MADRID	25	77	17	63	Fair
AMSTERDAM	24	75	12	54	Fair	MANILA	30	86	19	66	Cloudy
ANKARA	26	79	11	52	Fair	MEXICO CITY	24	75	12	54	Cloudy
ATHENS	30	86	18	64	Fair	MIAMI	31	88	25	77	Fair
AUCKLAND	16	61	12	54	Cloudy	MILAN	26	79	15	59	Fair
BANGKOK	33	91	27	81	Cloudy	MONTREAL	14	57	8	46	Cloudy
BEIRUT	—	—	—	—	N.A.	MOSCOW	19	66	10	50	Cloudy
BELGRADE	28	82	14	57	Fair	MUNICH	25	77	12	54	Fair
BERLIN	26	79	13	55	Fair	NAIROBI	28	81	16	61	Cloudy
BOSTON	19	66	10	50	Fair	NASSAU	31	88	22	72	Cloudy
BRUSSELS	27	81	16	61	Fair	NEW DELHI	36	79	25	77	Fair
BUCHAREST	27	81	14	57	Fair	NEW YORK	20	68	12	54	Fair
BUDAPEST	27	81	14	57	Fair	NICE	26	79	18	64	Cloudy
BUENOS AIRES	9	48	6	43	Fair	OSLO	17	63	14	57	Overcast
CAIRO	33	91	28	82	Fair	PARIS	27	81	13	55	Showers
CAPE TOWN	18	64	13	55	Fair	PEKING	29	84	18	64	Fair
CASABLANCA	27	81	17	63	Cloudy	PRAGUE	27	81	9	46	Fair
CHICAGO	20	68	8	46	Rain	REYKJAVIK	5	41	2	36	Showers
COPENHAGEN	20	68	12	54	Fair	RIO DE JANEIRO	29	84	23	73	Fair
COSTA DEL SOL	25	77	19	66	Fair	ROME	29	84	17	63	Fair
DAMASCUS	34	93	26	79	Fair	SAO PAULO	24	75	20	68	Cloudy
DUBLIN	13	55	11	52	Overcast	SEOUL	28	82	22	72	Overcast
EDINBURGH	14	57	10	50	Overcast	SHANGHAI	27	81	19	66	Cloudy
FLORENCE	31	88	15	59	Fair	SINGAPORE	33	91	26	79	Fair
FRANKFURT	27	81	12	54	Fair	STOCKHOLM	18	64	11	52	Cloudy
GENEVA	22	72	12	54	Cloudy	SYDNEY	25	77	16	61	Cloudy
HARARE	14	57	11	52	Fair	TAIPEI	29	84	22	72	Fair
HELSINKI	15	59	12	54	Rain	TEL AVIV	31	88	25	77	Fair
HONG KONG	25	77	19	66	Fair	TOKYO	22	72	19	66	Fair
HOUSTON	34	93	20	68	Cloudy	TUNIS	32	90	16	61	Fair
ISTANBUL	26	79	18	64	Cloudy	VENICE	24	75	15	59	Fair
JERUSALEM	33	93	26	79	Fair	VIENNA	24	75	11	52	Fair
LAS PALMAS	26	79	20	68	Fair	WARSAW	24	75	8	46	Fair
LIMA	27	81	16	61	Fair	WASHINGTON	24	75	14	57	Fair
LISBON	23	73	18	64	Overcast	ZURICH	22	72	11	52	Fair
LONDON	17	64	14	57	Rain						

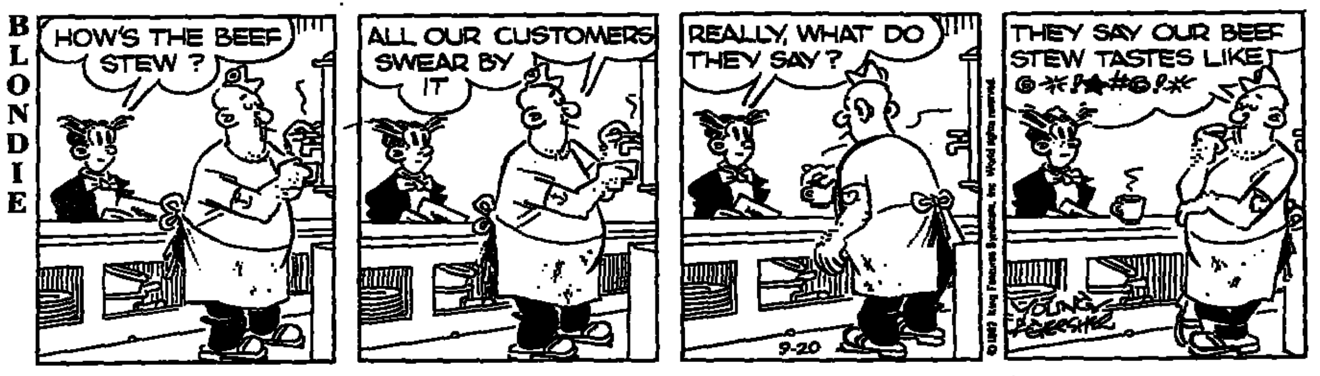
Readings from the previous 24 hours.

PEANUTS

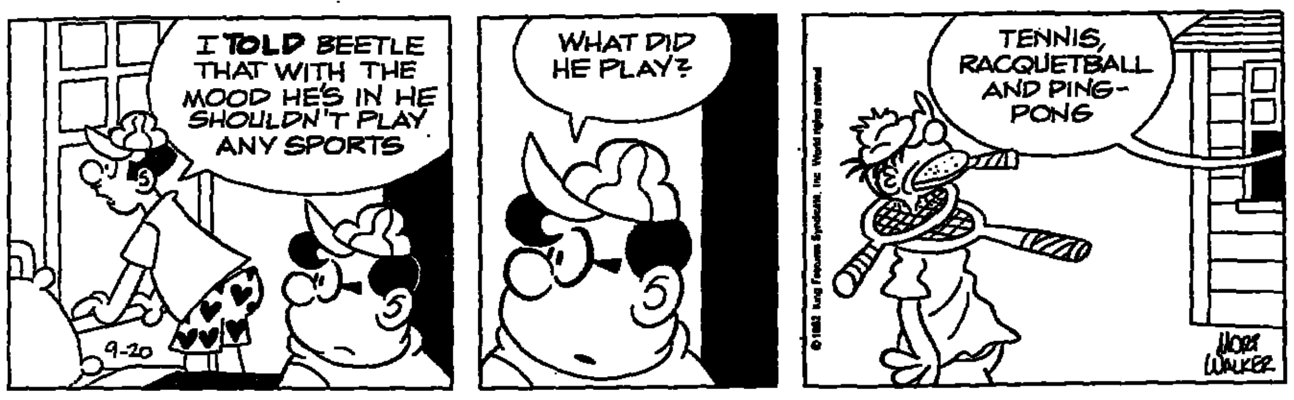


B.C.

BLONDIE



BEETLE BAILEY



ANDY CAPP

WIZARD of ID

REX MORGAN

DOONESBURY

JUMBLE. THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lee

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

NEWIT

BAWLY

BRUBRE

GELPED

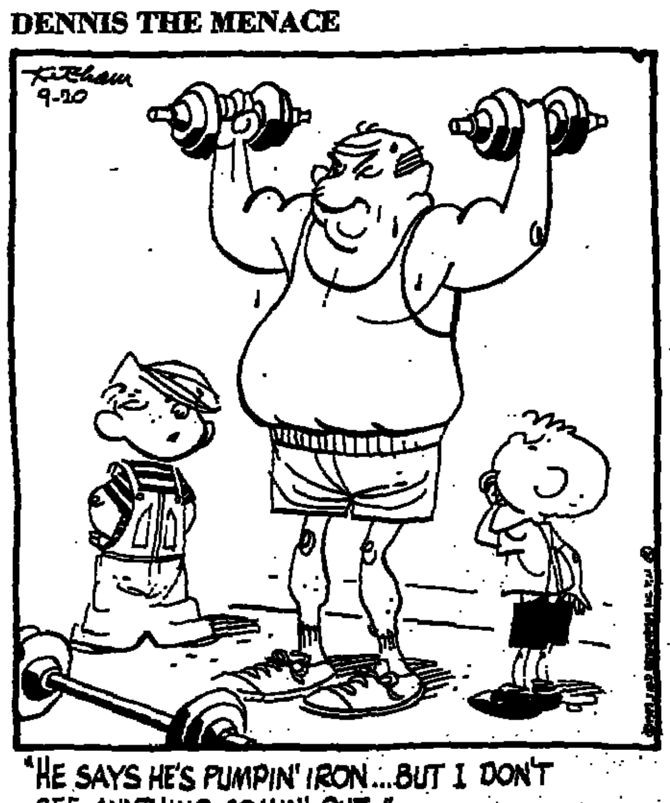
Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here:

(Answers tomorrow)

Saturday's | Jumbles: NOOSE PARTY STANZA FINISH
Answer: The point about this is that it's kept hidden—A SAFETY PIN

DENNIS THE MENACE



"HE SAYS HE'S PUMPIN' IRON...BUT I DON'T SEE ANYTHING COMIN' OUT."

BOOKS

LETTERS TO A FRIEND

By T.H. White, selected and edited by François Gallix. 280 pp. $14.95. Putnam, 200 Madison Ave., New York, N.Y. 10016.

Reviewed by Mary Cantwell

T.H. WHITE had a red setter named Brownie whom he loved above all creatures, and once he wrote a letter about her to his godson, William Potts. "She has every possible excitement that could be suitable to her rank, including going in trains, motors, aeroplanes and crossing the Irish Sea in a ship," he wrote, continuing "she was endowed with property of her own, including a rubber ball, several daffodil bulbs, some bits of wood and two collars, all of which she keeps under the dining room table." Seven months after the dog died, he wrote to William's mother, Mary, "I still have fits of tears about twice a week." Yet when, some years later, Mary's grief for her recently dead husband seemed excessive, White laid her inabililty "to accept the solution and put him out of your mind" to menopause.

White was, of course, attempting to cheer up Mrs. Potts. His diagnosis may even have been partly correct. But this most imaginative of writers was unable to imagine or experience the depth of feeling one human can have for another — a fact obvious throughout these letters, most of which are to L.J. Potts, Mary's husband, William's father and White's tutor at Cambridge. (The singular "friend" in the book's title is slightly misleading; the collection includes a batch to Mary, who was, in a way, the only real woman in T.H. White's life.)

In 1930, after Cambridge, White went to teach at a preparatory school and embarked on a correspondence with the Potts family that was to last the rest of his life. Nine years L.J. Potts's junior and forever his student, White was nonetheless singularly unawed by Potts's occasional excursions into literary territory. "It has just dawned upon me that I disliked them," he wrote about several of Potts's poems, "for a very good and superficial reason, i.e., the diction." A similar directness and honesty pervades all his criticism of Potts's writing: from the beginning White appears to have been confident about his literary judgment and his literary talent. But he was not confident about much else, and his confessions about his love affairs, such as they were, are the kind that set one blushing for the confessor.

Emotional Immaturity

One blushes mostly for White's emotional immaturity. No woman who caught his eye was ever remotely his equal — they include a rather bovine barmaid, a former servicewoman whom he described as "a kind of bashful prostitute or juvenile delinquent" and a 14-year-old — but they were all smart enough to know a bad bet when they saw one. Still, he cherished thoughts of marrying and entered analysis in hopes of unbending an obviously tortuous sexuality. His last amour was a young boy; his only faithful ones were Brownie ("She and I are the only things we have to love") and her successor, Killie.

When White is writing about his work, however, and the islands on which he lived (Ireland, Jersey, Guernsey), he is sure, arrogant and enchanting. Living next door he would have been hard to take; playing the far-away patriarch he was a charmer. "This is an odd island," he writes L.J. of Jersey. "Imagine what England would be like if you kept it too long in a bath till it shriveled."

One would like to know more about this heavy-drinking, intensely romantic, chronically solitary man. Why did he hate his mother so much? Was he as stingy as certain circumstances seem to imply? As carelessly cruel? As unpredictably kind? Was he, perhaps, a bit inhuman, as distant from mankind and its mundanities as the hawks whom he trained and admired? Gallix not having provided the reader with much in the way of an introduction and notes, one will have to turn to Sylvia Townsend Warner's biography to find out.

But the most important thing that can be said about T.H. White he said himself. "I happen to know," he wrote, "that I am a genius — there is no boastfulness about this at all; it is like knowing that you squint." Gallix thinks White was writing "somewhat tongue in cheek." Others may not agree. And those who have read "The Once and Future King" will probably say that White was simply being as accurate about his prose as he was about Friend Potts's poetry.

Mary Cantwell is on the staff of The New York Times.

Solution to Friday's Puzzle

BRIDGE

By Alan Truscott

IN the diagramed deal, South contented himself with an overcall of one heart when East opened one club. But on the next round he jumped to four hearts after West had made a negative double and East had shown strength with a cue-bid.

East naturally refused to be shut out, and bid five clubs. But North decided that a doubleton king was good support for his partner's powerful suit and took out insurance by bidding five hearts. It seemed likely that one side or the other would come close to 11 tricks, and if nobody could do so, the loss would be relatively slow in terms of international match points.

West led his singleton club, and after South had won and drawn trumps everything hinged on the spade suit. The routine play was to lead to the jack, hoping to find West with a doubleton queen or both missing honors. But as was his right, South inquired into the precise meaning of West's negative double. He was told that it promised exactly four spades, so the doubleton queen was not a possibility.

He therefore led the ten from his hand, which cost nothing if West held both honors. The trick consisted of four honors: the ten, queen, king and ace. Later South finessed dummy's eight to make his doubled game. East was left to regret that he had not played the spade seven quickly under the king, for this would have left South with a problem on the next round of the suit. But since the bidding marked East with nearly all the missing high-card strength South would probably have found the brilliant counter to this brilliant defense by ducking on the next round.

At many other tables East played in five clubs, and again the spade suit played a key role. Hearts were led and continued, and East ruffed and drove out the trump ace. He ruffed another heart lead and ran all his trumps. This was embarrassing for North, who could not be sure what to keep. There was no true squeeze, for North could throw spades at the finish relying on his partner to protect that suit. The ten was indeed good enough to cover East's seven, but three pairs of defenders went astray and allowed five clubs to come home.

NORTH
♠ K J 8 5
♡ K 8
♢ J 9 5 4
♣ 9 7 4

WEST
♠ Q 9 6 3
♡ 5 3
♢ K 8 7 6 3 2
♣ 3

EAST(D)
♠ A 7
♡ 6
♢ A Q 10
♣ K Q J 8 6 5 2

SOUTH
♠ 10 4 2
♡ A Q J 10 9 7 4 2
♢ —
♣ A 10

Both sides were vulnerable. The bidding:

East	South	West	North
1 ♣	1 ♡	Dbl.	Pass
2 ♡	4 ♡	Pass	Pass
5 ♣	Pass	Pass	5 ♡
Dbl.	Pass	Pass	Pass

West led the club three.

RADIO NEWSCASTS

BBC WORLD SERVICE

News at 0000, 0200, 0300, 0400, 0500, 0600, 0700, 0800, 0900, 1100; 1300, 1600, 1700, 1800, 2000, 2200, 2300 GMT

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هكذا من الأصل

SPORTS

Eagles Top Browns On 3 Touchdowns In Final Quarter

Compiled by Our Staff From Dispatches

CLEVELAND — Ron Jaworski rallied Philadelphia on Sunday for three fourth-quarter touchdowns, the last one a 3-yard run by Leroy Harris with 22 seconds remaining, as the Eagles beat the Cleveland Browns, 24-21. It was the Eagles' first victory in Cleveland Stadium since 1960.

The Browns had taken a 21-17 lead when tight end Ozzie Newsome wrestled a 34-yard touchdown pass away from Roynell Young with 57 seconds to go.

Jaworksi, who completed 25 of 41 passes for 341 yards, rifled scoring passes of 41 yards to Ron Smith and 11 yards to Billy Campfield to bring Philadelphia back from a 14-3 deficit.

NFL ROUNDUP

Cleveland took the opening kickoff and drove 71 yards, going ahead, 7-0, when quarterback Brian Sipe found Newsome open behind two Eagle defenders for a 19-yard touchdown. The march was aided by an Eagle offsides penalty on a fourth-and-two play at the Philadelphia 27.

The Eagles took the ensuing kickoff and held the ball for more than nine minutes but failed to score when Jaworski was stopped at the goal line by Cleveland cornerback Hanford Dixon on a fourth-down play from the 2.

Philadelphia's Tony Franklin booted a 47-yard field goal on the Eagles' next possession, early in the second quarter.

The clubs traded punts in the third period, and a poor punt by Eagle Max Runager set up Charles White's clinching touchdown early in the fourth. The Browns took the ball at the Philadelphia 26-yard line, and White went over from the 3 five plays later.

The Eagles had not beaten the Browns since 1967, and had not won in Cleveland since 1960, the year Philadepipia won the National Football League championship.

Saints 10, Bears 0

In Chicago, Ken Stabler threw a 10-yard touchdown pass to Larry Hardy in the first quarter, and the New Orleans defense frustrated three Chicago quarterbacks to give the Saints their first shutout in 88 games, a 10-0 victory over the Bears.

Toni Fritsch added a 40-yard field goal in the third quarter for New Orleans, which evened its record at 1-1. The Bears fell to 0-2 under rookie coach Mike Ditka.

The Saint defense, which gave up 378 points last year, recorded five sacks and three interceptions. The Bears started Bob Avellini at quarterback but neither he nor replacements Vince Evans and rookie Jim McMahon could guide the Bears to a score.

Jets 31, Patriots 7

In Foxboro, Massachusetts, Freeman McNeil rushed for 106 yards and one touchdown, and New York capitalized on three interceptions to score 17 points as the Jets rolled to a 31-7 victory over New England.

McNeil, who gained 116 yards in the season opener last Sunday against Miami, bolted across from the 1-yard line early in the fourth quarter. He rushed 19 times and scored to cap a 42-yard drive that was started when linebacker Lance Mehl intercepted a pass by Matt Cavanaugh.

Quarterback Richard Todd scored on an 8-yard run and fullback Mike Angustyniak on a 6-yard run. Pat Leahy added a 30-yard field goal, and Todd closed out the scoring with a 13-yard touchdown pass to Scott Dierking with 3:10 to play.

Cowboys 24, Cardinals 7

In St. Louis, Billy Joe DuPree ran 6 yards on an end-around for a tie-breaking touchdown, and Danny White added a 24-yard scoring pass to Drew Pearson to help Dallas to a 24-7 triumph over St. Louis.

Thre score was tied at 7-7 when Dallas began a nine-play, 81-yard march late in the third quarter. The big gainer on the drive was a 34-yard screen pass to Ron Springs to the Cardinal 6-yard-line. On the next play DuPree lumbered untouched around left end for the score.

Defensive back Everson Walls intercepted a pass by Neil Lomax on the next series to give the Cowboys the ball at the Cardinal 28. White then found Pearson a stride ahead of cornerback Jeff Griffin in the end zone for the 24-yard touchdown.

Chiefs 19, Chargers 12

In Kansas City, Missouri, linebacker Dave Klug recovered a blocked punt in the end zone before the game was two minutes old, and Nick Lowery added four field goals to give Kansas City a 19-12 victory over San Diego.

Klug converted Gary Green's blocked kick into his first touchdown as a professional, and Lowery added field goals of 19, 27, 41 and 34 yards to enable the Chiefs to snap a six-game losing streak to the Chargers that dates to 1978.

Kansas City seemingly stole a page from the San Diego playbook with a brilliant ball-control passing game as Bill Kenney completed 22 of 30 passes for 204 yards.

Steelers 26, Bengals 20

In Pittsburgh, Dwayne Woodruff intercepted a pass by Ken Anderson and returned it 30 yards to the Cincinnati 2-yard-line, and Terry Bradshaw passed to John Stallworth for the winning touchdown on the next play to lift Pittsburgh to a 26-20 victory over the Bengals just 68 seconds into overtime.

Woodruff's interception was the third off Anderson, who enjoyed a brilliant season opener last week against Houston. The other two interceptions, both by Donnie Shell, stopped Bengal scoring drives during regulation play.

The Steelers tied the game at 20-20 with 35 seconds left in regulation on a 42-yard field goal by rookie Gary Anderson. Tom Beasley then blocked a 38-yard field goal attempt by the Bengals' Jim Breech as time ran out.

Raiders 38, Falcons 14

In Atlanta, the Los Angeles Raiders erupted for two touchdowns in 44 seconds late in the first half, the first on a 4-yard run by Marcus Allen and the other on a 30-yard pass from Jim Plunkett to Cliff Branch, en route to a 38-14 victory over Atlanta.

The Raiders took the lead when Chris Bahr kicked a 35-yard field goal to give them a 10-7 margin with 7:01 left in the first half.

Allen, who had scored the Raiders' first touchdown on a 14-yard pass from Plunkett midway through the first quarter, scored his second touchdown immediately following a 50-yard pass from Plunkett to Todd Christensen.

Following a fumble recovery by Ted Hendricks, Plunkett immediately connected with Branch to put the Raiders ahead 24-7. They made it 31-7 midway through the third quarter on a 1-yard run by Frank Hawkins, and added a final touchdown when Archie Reese scooped up a fumble and raced untouched 75 yards with 5:13 left to play.

Player Strike Looming

New York Times Service

NEW YORK — When the National Football League's second week concludes with Monday night's game between the New York Giants and Green Bay Packers, the league's 63d season could also conclude.

Negotiations between the NFL Players Association, which represents 1,500 players, and representatives of the owners of the league's 28 teams broke off Friday night. They have been trying to negotiate a new collective-bargaining agreement since February and have been without one since the old five-year contract expired July 15. So far, they remain not only dollars but ideologies apart, and a season hangs in the balance.

The union's executive committee has called a special meeting on Monday to discuss the possible starting dates of a strike. It could begin as early as Tuesday.

The union charges that not enough of the dollars building that strength are being passed on to the players. "The players deserve a bigger share because we are the game," said Gene Upshaw, the offensive lineman for the Los Angeles Raiders who is president of the union.

On Friday the players association made a surprise move by dropping its demand for 55 percent of the gross revenues and replacing it with a proposal for 50 percent of the league's television revenues from 1982 to 1985. After a brief caucus, the NFL Management Council, led by Jack Donlan, rejected the offer.

The union's new offer represents a significant departure from its previous demand of a settlement based on the players' obtaining a percentage of the owners' gross revenues, a concept Upshaw had said was "etched in stone."

Ed Garvey, executive director of the union, said that the change was the result of a declaration by Donlan that the league's owners would make available to the players — for salaries and benefits — $1.6 billion over the next five years. The $1.6 billion, the union proposal said, would be allocated this way: $325 million this year, $400 million in 1983, $425 million in 1984 and $450 million in 1985.

That money would cover base wages, pension and insurance contributions, severance pay, incentive bonuses, a playoff pool and other administrative costs.

Donlan had described the demand for a percentage of gross income as "a couched attempt by the union to get into the owners' books and gain control of the game." He pointed out that the league, in its latest proposal, had "earmarked" $1.6 billion for player costs over the next five years, not the next four, and that by his own analysis 50 percent of the television revenues was more expensive to the owners than 55 percent

CFL Standings

Eastern Division	W	L	T	PF	PA	Pts
ronto	6	3	1	267	252	13
milton	5	4	0	222	228	10
ontreal	2	7	0	111	280	4
awa	2	8	0	221	318	4
Western Division						
[illegible]	7	3	0	290	211	14
Brit Colmb	6	3	0	284	219	12
lgary	6	3	1	345	218	13
monton	4	5	0	308	202	8
skatchwn	4	6	0	248	267	8

Friday's Game
ronto 34, Calgary 20
Saturday's Games
[illegible] 28, Winnipeg 28

The Associated Press

SPINKS RETAINS TITLE — Michael Spinks finished off John Davis at 2:27 of the ninth round Saturday in Atlantic City, New Jersey, in defending his World Boxing Association light-heavyweight crown for the fifth time. Spinks, 23-0, is scheduled to fight once more this year in preparation for a big-money showdown with the World Boxing Council champion, Dwight Braxton.

Notre Dame Beats Michigan, 23-17

Compiled by Our Staff From Dispatches

SOUTH BEND, Indiana — Notre Dame's Larry Moriarty rushed for 116 yards and a touchdown, Mike Johnston kicked three field goals and the Irish defense forced key turnovers in a 23-17 upset victory Saturday over Michigan.

Blair Keil, the Notre Dame quarterback, completed 15 of 22 pass attempts for 141 yards in the first night game ever at Notre Dame Stadium.

Moriarty scored on a 24-yard run in the second quarter and Johnston kicked field goals of 36, 37 and 41 yards. Greg Bell added a 10-yard touchdown run for the Irish, who avenged last year's 25-7 loss to the Wolverines.

The Irish held Michigan's rushing attack to 41 yards in the game, forcing the Wolverines to go to the air in the second half. Notre Dame also had five quarterback sacks and converted two fumbles early in the game to a 10-0 lead.

The Wolverines stormed back from a 23-7 deficit when Ali Haji-Sheikh kicked a 42-yard field goal with 13 minutes left in the game and Rick Rogers caught a deflected pass from Dave Duerson for a 39-yard touchdown with 7:38 to play.

Nebraska 68, New Mexico State 0

In Lincoln, Nebraska, Mike Rozier ran for 149 yards and three touchdowns in the first half as Nebraska routed New Mexico State, 68-0. The Cornhuskers set NCAA Division I records for total yards (883), first downs (43), first downs rushing (36) and yards gained rushing (677).

Pittsburgh 37, Florida State 17

In Tallahassee, Florida, Pittsburgh's Art Lowery, a defensive end, grabbed a deflected punt and ran 5 yards for a touchdown as the Panthers snapped a 17-17 tie and scored a 37-17 victory over Florida State. Lowery plucked the ball from the air after Florida State's Kelly Lowrey fumbled the snap from center, then punted the ball into the back of one of his blockers.

Alabama 42, Mississippi 14

In Jackson, Mississippi, Walter Lewis passed for two touchdowns and ran for another and Craig Turner scored on three short plunges as Alabama crushed Mississippi, 42-14, in a Southeastern Conference game.

Penn State 49, Rutgers 14

In University Park, Pennsylvania, Todd Blackledge passed for 215 yards and four touchdowns as Penn State defeated Rutgers, 49-14. Blackledge, who completed 14 of 24 pass attempts, has thrown four touchdown passes in each of Penn State's three games this season.

North Carolina 34, Vanderbilt 10

In Chapel Hill, North Carolina, Ethan Horton rushed for 201 yards on 32 carries and scored twice in North Carolina's 34-10 victory over Vanderbilt. Horton was filling in at tailback for Kelvin Bryant, who re-injured an ankle midway through the first half but returned for a few plays after halftime.

Ohio State 31, Michigan State 10

In East Lansing, Michigan, Vaughn Broadnax ran 3 yards for a touchdown to break a 10-10 tie in the fourth quarter, and Ohio State went on to beat Michigan State, 31-10, in a Big Ten game.

Clemson 17, Boston College 17

In Clemson, South Carolina, Doug Flutie passed for 242 yards and a touchdown to lead a second-half comeback that enabled Boston College to tie Clemson, 17-17. Clemson's Donald Igwebuike missed a 43-yard field goal attempt with 8 seconds left.

West Virginia 19, Maryland 18

In Morgantown, West Virginia, Paul Woodside kicked four field goals and Jeff Hostetler threw for a touchdown to lead West Virginia past Maryland, 19-18. The Terrapins missed a chance to take the lead late in the game when Boomer Esiason threw an incomplete pass on a two-point conversion attempt.

COLLEGE FOOTBALL

Miami 14, Virginia Tech 8

In Blacksburg, Virginia, Jim Kelly completed 17 of 24 pass attempts for 207 yards and a touchdown as Miami of Florida beat Virginia Tech, 14-8. Kelly left the game early in the fourth quarter after his right shoulder was injured on a tackle.

UCLA 51, Wisconsin 26

In Madison, Wisconsin, Tom Ramsey passed for 260 yards and engineered five first-half scoring drives in UCLA's 51-26 rout of Wisconsin.

Washington 23, Arizona 13

In Tucson, Arizona, linebacker Mark Stewart recovered two first-half fumbles to set up touchdowns as Washington built a 20-0 halftime lead and coasted to a 23-13 victory over Arizona in a Pacific-10 Conference game.

Arizona State 24, Houston 10

In Houston, Arizona State's defense set up three first-half scores with two fumble recoveries and a blocked punt in the Sun Devils' 24-10 victory over Houston.

USC 28, Indiana 7

In Los Angeles, Southern California scored touchdowns on its first three possessions of the game and went on to beat Indiana, 28-7. Sean Salisbury, USC's sophomore quarterback, completed 13 of 21 pass attempts for 172 yards and two touchdowns. He also ran for a touchdown.

SMU 31, Texas-El Paso 10

In El Paso, Texas, Eric Dickerson scored twice, including an 80-yard touchdown run on the second play of the game, in Southern Methodist's 31-10 victory over Texas-El Paso. Dickerson gained 165 yards, running his career total to 3,171, a school record.

Arkansas 29, Navy 17

In Little Rock, Arkansas, Darryl Bowles gained 138 yards on 27 carries to lead Arkansas to a come-from-behind 29-17 victory over Navy in the first meeting between the two schools.

Texas 21, Utah 12

In Austin, Texas, Darryl Clark rushed for 162 yards and Terry Orr scored twice to lead Texas to a 21-12 victory over Utah. Orr put Texas in the lead for good early in the second quarter with a 5-yard touchdown run.

Miss. State 41, Memphis State 17

In Memphis, Tennessee, Michael Haddix ran for four touchdowns and John Bond threw an 80-yard touchdown pass to Danny Knight in Mississippi State's 41-17 rout of Memphis State. Haddix gained 113 yards on 10 carries and scored on runs of 45, 2, 20 and 10 yards to tie the school record for touchdowns in a game.

Rhode Island 58, Maine 55

In Orono, Maine, Rhode Island and Maine battled through six overtime periods before the Rams won, 58-55, in a four-hour Yankee Conference game. T.J. Del Santo scored the winning touchdown on a 2-yard run on the final play as Rhode Island, trailing 55-52, decided against a field goal attempt on fourth down.

Selected U.S. College Football Scores

EAST
Army 24, Lafayette 20
Bethune-Cookman 19, Howard U. 9
Boston College 17, Clemson 17
Brown 28, Yale 21
Catholic U. 24, Fordham 18
Colgate 21, Lehigh 14
Connecticut 24, Northeastern 17
C.W. Post 14, Kings Point 12
Dickinson 14, Johns Hopkins 10
Duquesne 34, Wash. & Jeff. 13
Florida A&M 39, Delaware St. 23
Georgetown, D.C. 18, St. Francis, Pa. 16
Harvard 27, Columbia 16
Holy Cross 27, Massachusetts 14
Manhattan 34, Siena 13
Marist 20, St. Peter's 15
Morgan St. 52, Cheyney St. 30
New Hampshire 22, Boston U. 20
Penn 21, Dartmouth 0
Penn St. 49, Rutgers 14
Pittsburgh 37, Florida St. 17
Princeton 41, Cornell 36
RPI 24, Coast Guard 22
Rhode Island 58, Maine 55
Shippensburg St. 27, Towson St. 25
Temple 22, Delaware 0
Union, N.Y. 28, Rochester 7
W. Virginia 19, Maryland 18
W. Virginia St. 39, W.Va. Weslyn 19
Worcester Tech 44, Fairleigh Dickson 0

SOUTH
Alabama 42, Mississippi 14
Auburn 21, So. Mississippi 19
Carson-Newman 42, Franklin 26
Davidson 33, Georgetown, Ky. 21
Duke 30, S. Carolina 17
E. Carolina 30, E. Tennessee St. 0
Elon 41, Guilford 6
Furman 27, Appalachian St. 21
Georgia Tech 24, Citadel 7
Grambling St. 31, Alcorn St. 14
Jackson St. 14, Prairie View 6
Jacksonville St. 27, Alabama A&M 13
James Madison 21, Virginia 17
J.C. Smith 15, Virginia St. 9
Louisiana St. 45, Oregon St. 7
Louisiana Tech 49, E. Michigan 12
Miami, Fla. 14, Virginia Tech 8
Middle Tenn. 27, Liberty Baptist 7
Mississippi St. 41, Memphis St. 17
N. Carolina 34, Vanderbilt 10
N.C. Central 37, Winston-Salem 17
N. Carolina St. 30, Wake Forest 0
Oklahoma 29, Kentucky 8
Presbyterian 17, Mississippi Col. 16
Randolph-Macon 36, Iona 14
Salisbury St. 27, Bowie St. 27
SE Louisiana 24, Cent. Florida 14
SW Louisiana 31, W. Texas St. 18
Tenn.-Martin 17, Austin Peay 14
Tulane 30, Rice 6
Virginia Union 28, Hampton Inst. 8
Wash. & Lee 21, Emory & Henry 15
William & Mary 24, VMI 12

MIDWEST
Baldwin-Wallace 31, Buffalo 26
Bowling Green 34, Cent. Michigan 30
Butler 20, Dayton 14
Cent. Missouri 18, Murray St. 0
E. Illinois 27, Wayne, Mich. 0
Illinois 41, Syracuse 10
Indiana St. 13, McNeese St. 10
Iowa St. 19, Iowa 7
Kalamazoo 41, Illinois Col. 14
Kansas 30, Texas Christian 19
Kansas St. 42, S. Dakota 3
Miami, Ohio 27, Northwestern 13
Minnesota 36, Purdue 10
Nebraska 68, New Mexico St. 0
N. Dakota St. 18, N. Dakota 3
N. Illinois 23, Kent St. 15
N. Michigan 40, Saginaw Val. St. 7
Notre Dame 23, Michigan 17
Ohio U. 23, Richmond 14
Ohio St. 31, Michigan St. 10
S. Dakota St. 22, Nebraska-Omaha 11
S. Illinois 24, Drake 17
Tennessee St. 34, Cent. St. Ohio 6
Toledo 17, Marshall 9
UCLA 51, Wisconsin 26
W. Illinois 29, Illinois St. 13
Wichita St. 33, Ball St. 28
Youngstown St. 37, Tennessee Tech 14

SOUTHWEST
Arkansas 29, Navy 17
Arkansas St. 13, Tn.-Chattanooga 12
Lamar 27, Sam Houston St. 7
NE Louisiana 38, N. Texas St. 15
NW Louisiana 28, Stephen F. Austin 14
Southern Meth. 31, Texas-El Paso 10
Southern U. 17, Texas Southern 6
SW Texas St. 14, Nicholls St. 7
Texas 21, Utah 12
Texas A&M 61, Texas-Arlington 22
Texas Tech 31, Air Force 30
Trinity, Tex. 16, Occidental 8

FAR WEST
Arizona St. 24, Houston 10
Boise St. 20, Nevada-Reno 13
Cal Lutheran 21, Humboldt St. 7
Colorado 12, Washington St. 0
Fresno St. 10, Oregon 4
Fullerton St. 14, Cal Poly-SLO 10
Hawaii 23, Colorado St. 13
Idaho 36, Pacific U. 17
Idaho St. 38, Portland St. 14
Montana 28, Puget Sound 10
New Mexico 49, Nev.-Las Vegas 21
Oregon Tech 17, Pacific, Ore. 3
Sacramento St. 16, Cal Poly-Pomona 14
St. Mary's, Cal. 28, Whittier 5
San Jose St. 35, Stanford 31
Southern Cal 28, Indiana 7
Utah St. 31, Weber St. 10
Washington 23, Arizona 13

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Phillies Win, 5-4, but Lose Ground As Cardinals Sweep Doubleheader

PHILADELPHIA — Pete Rose hit a tie-breaking two-run homer in the seventh inning Saturday night to carry the Philadelphia Phillies to a 5-4 victory over the Pittsburgh Pirates. But the Phillies lost ground to St. Louis in the National League East as the Cardinals swept a doubleheader in New York.

With two out in the seventh in Philadelphia, Garry Maddox lined a single off the leg of Don Robinson (15-11), and Rose followed by pulling a 2-0 fastball over the right-field fence for his third homer of the year.

BASEBALL ROUNDUP

Sid Monge, the second of three Philadelphia pitchers, hurled two innings of one-hit ball to pick up his seventh victory in eight decisions but had to leave the game with one out in the ninth after suffering an ankle injury. Ron Reed yielded a two-out RBI single to Bill Madlock, who had four hits. Madlock stole second and continued to third on catcher Dave Roberts's throwing error before Reed fanned Jason Thompson on a 3-2 pitch to earn his 12th save.

The Phillies tied the game, 3-3, in the fifth when Maddox doubled, went to third on Rose's single and scored as Gary Matthews grounded into a double play. The Pirates had taken a 3-2 lead in their half of the inning when Johnny Ray singled and scored ahead of Madlock's 19th homer.

George Vukovich walked, went to third on Ozzie Virgil's double and scored on a sacrifice fly by Ivan DeJesus to give Philadelphia a 1-0 lead in the second.

The Pirates answered with a run in the fourth on a bloop double by Dave Parker and an RBI single by Mike Easler, but the Phillies took a 2-1 advantage in their half of the inning on Virgil's second home run of the year.

Cardinals 2, Mets 0

Cardinals 6, Mets 2

In New York, St. Louis swept its second doubleheader in two nights from the Mets, 2-0 and 6-2, to build a six-game winning streak. David Green's second home run of the season supported a five-hitter by Bob Forsch and Bruce Sutter in the opener. In the late game, Darrell Porter had a home run and two RBIs, and Jeff Lahti (5-3) relieved starter Jim Kaat after three innings, striking out five and allowing just five hits the rest of the way. The Cardinals took a 3½-game lead over Philadelphia in the NL East while shoving Montreal and Pittsburgh 5½ and 6½ games behind.

Cubs 10, Expos 7

In Montreal, Jerry Morales and pinch hitter Bump Wills hit three-run home runs as Chicago rallied for seven runs in the eighth inning and defeated the Expos, 10-7. In this third straight loss, the Expos held a 6-0 lead after five innings.

Astros 2, Dodgers 0

In Los Angeles, Joe Niekro pitched a two-hitter and Ray Knight and Luis Pujols hit home runs to give Houston a 2-0 victory over the Dodgers. The loss, and Atlanta's defeat of Cincinnati, cut the Dodgers' lead in the NL West to 2½ games. The victory was the third in a row for Niekro (16-10), but his first over the Dodgers since 1980. The right-hander has four shutouts this season.

Braves 5, Reds 4

In Cincinnati, Bob Horner, Terry Harper and Glenn Hubbard drove in the runs as Atlanta used a walk and five straight singles with two out in the first inning to get a 3-0 jump on the Reds. Phil Niekro (15-4) and Gene Garber (28th save) prevented the Reds from catching up, and the Braves won their first game in the last five, 5-4.

Giants 4, Padres 1

In San Francisco, Rich Gale, making his first start since Aug. 24, combined with Gary Lavelle on a five-hitter, and Dave Bergman drove in two runs with a single and a homer as the Giants beat San Diego, 4-1. Gale (7-14) gave up four hits and one run before receiving relief from Lavelle in the seventh inning.

Before the game, the teams observed a moment of silence in memory of Clyde McCullough, the San Diego bullpen coach, who died on Friday. McCullough, 65, caught for the Chicago Cubs and Pittsburgh Pirates in a career that spanned 1940-56.

Brewers 6, Yankees 4

In the American League, in Milwaukee, Paul Molitor batted in four runs with a single, a two-run triple and his 16th home run to highlight a 16-hit Brewer offense that turned back sagging New York, 6-4. The victory, Milwaukee's fourth straight, kept the Brewers two games ahead of Baltimore in the Eastern Division. The Yankees have lost seven in a row.

Orioles 5, Indians 2

At Baltimore, John Lowenstein and Gary Roenicke lined two-run doubles in a four-run first to power Scott McGregor and the Orioles to a 5-2 victory over Cleveland. Lowenstein also singled across a fifth-inning run and McGregor (14-12) combined with Storm Davis on a six-hitter. Bud Anderson fell to 3-2.

Angels 8, Blue Jays 6

In Toronto, Fred Lynn got back in the lineup after being limited to pinch hitting since cracking a rib on Sept. 1, and his two-run ninth-inning single helped California beat the Blue Jays, 8-6, and draw within one game of first-place Kansas City in the Western Division.

Twins 11, Royals 5

In Minneapolis, the Twins built a six-run lead in the first three innings against Vida Blue, and Al Williams rode the big lead to a complete game and his sixth consecutive pitching victory, an 11-5 triumph over Kansas City. Gary Gaetti and Tim Laudner hit two-run home runs in the third inning and, after the Royals halved their deficit to 6-3 on Amos Otis's three-run homer, Gary Ward furnished a two-run double in a three-run fourth for Minnesota.

Red Sox 6, Tigers 2

In Detroit, Dwight Evans singled home the tie-breaking run in the seventh inning and Gary Allenson and Carl Yastrzemski hit ninth-inning home runs to give Boston a 6-2 triumph over the Tigers and reward 7⅔ innings of shutout pitching by Bob Stanley. Relieving Chuck Rainey in the second, Stanley (11-6) issued three singles thereafter.

A's 2, White Sox 1

A's 5, White Sox 4

In Chicago, Jimmy Sexton's ninth-inning home run lifted Oakland to a 5-4 victory over the White Sox and a doubleheader sweep. The game ran three hours and 56 minutes as the A's stranded 17 runners and Chicago left 11. In the opener, the A's scored a 2-1 victory as Jeff Burroughs's homer backed the strong pitching of Chris Codiroli.

Rangers 10, Mariners 4

In Seattle, Larry Parrish, Bobby Johnson and Bucky Dent homered to highlight an 11-hit offense as Texas routed the Mariners, 10-4.

Major League Standings

AMERICAN LEAGUE

East	W	L	Pct.	GB
Milwaukee	88	60	.595	—
Baltimore	86	62	.581	2
Boston	81	67	.547	7
Detroit	74	72	.507	13
New York	73	75	.493	15
Cleveland	72	74	.493	15
Toronto	69	79	.466	19
West				
Kansas City	84	64	.568	—
California	83	65	.561	1
Chicago	78	69	.531	5½
Seattle	69	78	.469	14½
Oakland	62	86	.419	22
Texas	59	89	.399	25
Minnesota	55	93	.372	29

NATIONAL LEAGUE

East	W	L	Pct.	GB
St. Louis	85	63	.574	—
Philadelphia	81	66	.551	3½
Montreal	79	68	.537	5½
Pittsburgh	78	69	.531	6½
Chicago	65	83	.439	20
New York	57	90	.388	27½
West				
Los Angeles	84	65	.564	—
Atlanta	81	67	.547	2½
San Francisco	78	70	.527	5½
San Diego	75	74	.503	9
Houston	69	79	.466	14½
Cincinnati	55	93	.372	28½

Transactions

BASEBALL
National League

CINCINNATI—Assigned Tom Browning, Scott Jones, Dave Lechner, Rob Murphy, Jim Pettibone, Mike Ramsey, Mike Riley, Jeff Russell, Tim Scott, Jim Shrichek and Freddie Toliver, pitchers; Terry McGriff, Dave Miley and Steve Padia, catchers; Tony Burley, Tony Evans, Dave Huberts, Scott Radloff, Wade Rowdon and Danny Tartabull, infielders; and Eric Davis, Leo Garcia, Terry Lee, Ron Little, Paul O'Neill and Anthony Walker, outfielders, to their Tampa team in the Florida Instructional League.

BASKETBALL
National Basketball Association

MILWAUKEE—Signed Tony Carr, guard; Bob Coenen, forward, and Robert Tate, guard.

FOOTBALL
National Football League

NEW ENGLAND—Waived Greg Taylor, running back, and re-signed Brian Williams, tight end.

NEW ORLEANS—Traded Archie Manning, quarterback, to the Houston Oilers for Leon Gray, offensive lineman.

PITTSBURGH—Re-signed Willie Sydnor, wide receiver. Placed Frank Wilson, running back/tight end, on the injured reserve list.

TAMPA BAY—Reinstated Dave Reavis, offensive tackle. Placed Ray Snell, guard on the injured reserve list.

HOCKEY
National Hockey League

BOSTON—Cut Brad Thompson, Bob Nicholson, Doug Sneck and Armel Parisee, defensemen; and Richard Bourque, Lyndon Byers, Gus Greco and Doug Kostynski, forwards.

LOS ANGELES—Cut Pierre Baril, Dave Chartier, Mike Heidt, Craig Hurley and Allan Tuer,

SPORTS BRIEFS

Cosmos Win Title on Chinaglia Goal

SAN DIEGO — Giorgio Chinaglia scored at 30:17 of the first half Saturday night to give the New York Cosmos a 1-0 victory over the Seattle Sounders in the Soccer Bowl for the championship of the North American Soccer League.

Chinaglia, the NASL's leading scorer, slammed a shot past Benny Dargle that caromed off the Seattle goalie, Paul Hammond, and flew into the upper left corner of the net.

After Chinaglia's goal, the Cosmos changed to a ball-control offense, to the displeasure of many in the crowd of 23,634. It was the fifth NASL championship for the Cosmos. They also won in 1972, 1977, 1978 and 1980.

3 Top Horses Fail in Belmont Race

NEW YORK — The long-awaited showdown among the three top candidates for horse of the year turned into a fiasco Saturday in the Marlboro Cup at Belmont Park. Lemhi Gold scored a surprising 8¾-length victory, and Perrault, Silver Buck and Timely Writer finished far up the track.

Perrault, who came into the race the favorite to be named the horse of the year, pulled up lame in midstretch, his future in question. Silver Buck was fourth in a dull effort, 18½ lengths behind the winner. Timely Writer, clearly out of condition, finished seventh in the field of eight.

Jacinto Vasquez rode Lemhi Gold, an 8½-1 choice, through the 10 furlongs in 2:01. Silver Supreme was second, three-quarters of a length ahead of Pair of Deuces.

Gerulaitis, Lendl, Bunge Triumph

HOUSTON — Vitas Gerulaitis defeated John McEnroe, 7-6, 2-6, 6-3, Saturday night to win a tennis tournament here. Eliot Teltscher beat Peter Fleming, 6-1, 6-3, in a consolation match.

In San Diego, Ivan Lendl breezed to a 6-2, 6-4 victory over Roscoe Tanner in an exhibition match. It was the first appearance in San Diego for Lendl, who survived 14 aces by the hard-serving Tanner.

In Tokyo, Bettina Bunge smashed her way past Barbara Potter, 7-6, 6-2, on Sunday to win an invitational women's tournament. Bunge, who beat Hana Mandlikova en route to the final, won $40,000. Sixteen players from five countries participated in the four-day annual event.

Renner and Adams Lead PGA Event

PINEHURST, North Carolina — Jack Renner made up three shots on the last two holes and retained a share of the lead Saturday in the third round of the Hall of Fame Golf Classic.

Renner, with a par 71 on the No. 2 course at Pinehurst Country Club, remained tied with John Adams at 207. Adams has never come close to a victory in five years on the Professional Golfers' Association tour. He had a 3-stroke advantage when he went to the 17th tee Saturday, but he bogeyed the last two holes, missing 4-foot, par-saving putts on both.

Curtis Strange, with a 69, moved within a stroke of the leaders at 208. Tied at 210 were D.A. Weibring, Bruce Fleisher, Jay Haas, Bobby Clampett and Lindy Miller.

Faldo Wins Golf Players Title in U.K.

NOTTINGHAM, England — Nick Faldo of Britain shot a 3-under-par 69 Sunday to win the Tournament Players Championship and claim his first golfing triumph in almost 16 months.

Faldo, 25, collected the $22,000 first prize with an 18-under-par aggregate of 270. This took his official earnings this year to more than $150,000, including $56,000 on the U.S. tour in which he plans to step up his appearances next season.

Zapata Keeps Light-Flyweight Title

CHONJU, South Korea — Hilario Zapata of Panama retained his World Boxing Council light-flyweight title Saturday with a split decision here over the South Korean challenger, Chang Chong Ku.

There were no knockdowns in the lackluster 15-round match. Zapata, 24, improved his record to 21-2, while Chang, 19, sustained his first defeat after 18 professional victories. Both boxers weighed in at 108 pounds (49 kilograms).

In Los Angeles, Rafael Limón of Mexico retained his WBC super-featherweight title Saturday night on a technical knockout. The 129-pound champion stopped Chung Il Choi of South Korea in the seventh round with brutal body punches.

Reese Now Admits Parole Violation

MIAMI — Don Reese, a former Miami Dolphin football player, has pleaded guilty to a charge of violating his probation in connection with his admitted use of cocaine, state officials said.

Reese, who had pleaded not guilty to the charge last month, changed his plea in a special hearing Friday, the officials said. Sentencing was scheduled for Oct. 28.

Reese admitted in a Sports Illustrated magazine article in June that he had used cocaine in the last two years, an apparent violation of his parole on a 1977 conviction for selling the drug. The story alleged widespread cocaine use in the National Football League.

Perry's Penalty Upheld for Spitball

NEW YORK — Gaylord Perry's 10-day suspension for throwing a spitball in a baseball game last month has been upheld by the American League.

The league said Friday that the 44-year-old right-hander would not be permitted to pitch again for Seattle until Sept. 27. He was also fined an unspecified amount.

LANGUAGE

The Bizbuzz Matrix

By William Safire

WASHINGTON — Nobody can apply for a job these days — or interface with a personnel recruiter in the hopes of impacting on his bottom line — without a degree in "bizbuzz," the jargon that prioritizes the career path of the rising young ballpark figurer.

"The biggest 'bad' corporate word," opines Walter Kiechel 3d, associate editor of Fortune magazine, "is *impact* as a verb." The former noun has been used so often in its verb form in bored rooms that impact on has lost its punch, and rising executives are now testing the effect of *affect*.

Interface is a dying word in management," adds John F. Lubin, professor of management at the University of Pennsylvania's Wharton School. "It was taken from systems engineering, where it meant the juncture between two pieces. For a while, system was taking over the language of management, but this, too, is dying."

Bottom line is still kicking around, but too many outsiders have been using it, and in jargon, freshness is all. "The bottom line originally referred to earnings figures," reports Timothy B. Blodgett of the Harvard Business Review.

'*Bottom-line responsibility* is responsibility for the economic welfare of a division or subsidiary that is supposed to turn a profit. However, the phrase has expanded to include more than just earnings and profits; it can mean, 'The onus is on us' for just about anything." Professor Michael Porter at the Harvard Business School defines *dotted-line responsibility* as "when two people consult with or interact with each other, but one does not report to the other." In olden times, the *dotted line* was where the customer signed; now it is where the responsibility is diffused, and even that expression is fading fast.

Ballpark figure is developing a paunch, too. This derivation of "in the ballpark," an indication of proximity (in contrast to a ball hit out of the stadium), is being replaced by one of the new triple hyphenations that make up adjectival phrases dear to bizbuzz: *back-of-the-envelope*. There is a quickly figured difference in meaning, however: "A ballpark figure is a rough estimate," explains lexicographer Sol Steinmetz, "while a back-of-the-envelope sum is one simply or easily arrived at without the need of a pocket calculator."

Now that we know what is out, what is in?

If you are sad about the loss of *impact on*, try the new *abstract away*: "This means to dwindle into nothing," says the HBR's Blodgett. "If something abstracts away, it has ceased to be definable."

Hands-on, a compound adjective with one measly hyphen, has a stranglehold on the throats of businesspeople today. The original meaning was "vocational," and the first citation in the Barnhart files is "hands-on instruction" for vocational schools, and was a play on "hands off," or so theoretical that it abstracted away. Now it means "practical"; nobody with hands-on experience, in a job interview, would claim anything as outdated as *practical experience*. A synonym is *line experience*; this time, the metaphor is probably not from accounting, as in bottom line , but from the military, which contrasts line (from "front line") and staff (or headquarters) experience.

Managment Matrix

When in need of a modern mystifier, and tired of systems and the same old interfaces, reach for the favorite new management noun: *matrix*. "This came out of organizational behavior," says Professor Lubin, "and was used to describe orthogonal relationships." Asked to put that on a dotted-line basis, Professor Lubin explained: "That's when you have two bosses, or when responsibility is shared between divisions. *Came from* mathematics, and it's overused." He can hands-on that again. In the Wharton 1980 catalog, a course in matrix management is advertised in this way: "The unique problem of changing, implementing and fine-tuning matrix forms will be highlighted." According to J.M. Rosenberg's Dictionary of Business and Management, "a matrix organization exists when organizational members have a dual allegiance — to a particular assignment or task and also to their department." O.K.: two bosses, a matrix and (soon to come) a patrix.

Vision is a hot word in executive aeries, usually defined as "the ability to see around corners," rather than off into the distance. Style is equally sought after, and what manager style a corporation prefers determines its character. Fortune's Kiechel points to the popular *earthquake style*, "which is when a manager comes in and shakes everything up."

New York Times Service

Monkey Helps a Quadriplegic

By Dave Larsen
Los Angeles Times Service

YUCAIPA, California — Late last year, a capuchin monkey was born, the kind that often ends up holding a tin cup for an organ grinder.

And 25 years ago, Robert Hardgrave was born. He became a strong and active youth who loved riding motorcycles and who later earned his living on tough construction jobs.

Today Hardgrave is a quadriplegic, able to move only his neck. The feet don't walk and the arms hang limp, but the little primate is learning to substitute for those functions.

The partnership has not been under way long, but the monkey already can put food into his master's mouth and retrieve pencils that simulate the mouth stick that many disabled persons clench in their teeth to dial a telephone, type or operate mechanisms designed for them. If a quadriplegic drops that stick, and no one is around to pick it up, he is helpless.

"We call the little worker Harpo," said Professor Kenneth Decroo, who teaches anthropology at Crafton Hills College in Yucaipa. "We figure that in six or eight months he'll be able to respond to 50 commands — turning lights on and off, opening and closing doors, getting food out of the refrigerator, turning the pages of a book."

Of the feeding, which the monkey has learned so far, Hardgrave said: "If he were to approach a strange animal, the last place he would try to explore would be the mouth. The fact that he finally does this with me is his way of saying: 'I trust you.' "

Rewards

Harpo is satisfied with a reward of a kiss on the head, or having warm breath blown on his hair, such as his mother would do, and sometimes getting fruit directly from Hardgrave's mouth.

"At first, to get the food, he would sometimes pull my mustache with one hand and my beard with the other, to literally pry my mouth open," Hardgrave recalled. "We had to break him of that."

Decroo was involved in a project at the University of Nevada and later the University of Oklahoma to teach chimpanzees the sign language of the deaf.

"I had been studying the behavior of primates for so long, and yet I had never thought of putting them to the use of working with the disabled," he said. Three years ago, Hardgrave came down with the flu. "He continued working, even though the supposed flu persisted for about a month," Decroo said. "One day he woke up, felt dizzy, and by that evening he was totally paralyzed. He was rushed to the hospital, where the diagnosis was that it was a rare virus that had attacked his spinal column."

Last year, at about the time the teacher was given a pair of capuchins, one of them pregnant, he learned about the quadriplegic at Crafton Hills. "Robert said that even though he has a good family which has continued to support him, as has his girlfriend, he sometimes feels alone and stigmatized," Decroo said. "I thought of the baby monkey which had just been born. Not only could we give this human mobility and dexterity, we could enhance and enrich his life, with a longtime companion. Capuchins live 20 to 30 years."

Decroo said the capuchins are are highly intelligent, and will at most be about 25 pounds in weight and about a foot in height. Their temperament is gentle and they have excellent hand dexterity. "The chimpanzees have the highest intelligence of the apes, but they are too physical and might hurt without meaning to," he explained.

Larry Davis, Los Angeles Times

Robert Hardgrave and his assistant, Harpo.

Playful Moods

As it is, Harpo is still the equivalent of a 7-year-old child and as such, according to the patient, has his playful moods. "A little hopping is cool," said Hardgrave's girlfriend and attendant, Mary Sotello. "But jumping onto Robert is out."

Whereas an earlier program in Massachusetts didn't begin with the monkeys until they were 2 years old, Decroo said he feels that by beginning his at a much earlier age, he was able to take advantage of baby monkey's powers of observation. "While Harpo was still clinging to the back of his mother, we had her fetching things and bringing them back, and all the time he was watching."

Marcia Vanderburg, a psychology major at California State University in San Bernardino, and head trainer on the project, said that the sessions are about to enter a critical stage. "Right now Harpo will take something he *doesn't overly want*, such as a peanut, and willingly put it into Robert's mouth," she explained. "But the next step is to get the monkey to take food he himself might want to eat, and instead carry it over to his master."

The training sessions take place both at Hardgrave's home and at Decroo's Wild Animal *Training Center*, about 50 miles east of Los Angeles, where instruction is offered on such subjects as handling of exotic animals and their use for behavioral research and in the movies. The center is funding Project Harpo.

The sessions with Hardgrave are held two days a week, and last about four hours each, usually 10 to 15 minutes at a time, depending on the attention span of Harpo. Hardgrave also spends time in physical therapy, and so far has taken two courses from *Crafton Hills via television* — oceanography and ornamental horticulture.

Spoon and Dispenser

"We plan that eventually Robert will point out with a beam of light from his stick whatever he wishes to be brought, such as medicine, or wishes to be operated, such as a stereo, and that Harpo will follow through," said Vanderburg.

Decroo said it is hoped that the feeding by the monkey can one day be accomplished with a spoon, rather than just hands. For feeding Harpo, plans call for a dispenser that will be activated by means of Hardgrave's electronic mouth stick.

The experience is, for Hardgrave, yet another mountain to climb. After being stricken, he had to relearn even the normally automatic act of breathing, using secondary muscles. At night, while sleeping, he breathes by means of a respirator attached to in his neck. Speech is difficult. "But our staff psychologist, Dr. Ken Myer, has run motivational data on him both before and after the appearance of Harpo," Decroo said. "Robert now shows much more interest in life, and a sense of purpose."

Decroo said he plans to begin breeding capuchins at his center, and then have half a dozen or so work with different disabled persons. *If the idea seems a little preposterous*, consider that in 1819 an Austrian clergyman named Johann W. Klein had a dream that took a while to catch on. The theory was that blind people could be helped by dogs.

LETTER FROM INDIA

Costly Karate Kick

By William Claiborne
Washington Post Service

NEW DELHI — India's film industry is facing what could be the worst slump in its history because of a karate kick.

The king of the Hindi screen, Amitabh Bachchan, took the kick in the abdomen while filming a fight scene in Bangalore in July, and because he did not roll in the right direction, investments in films planned for the next five years totalling $200 million are in jeopardy.

Bachchan, whose brooding, rebellious image is seen on the screen by an estimated million Indian moviegoers each day, is in a Bombay hospital, recovering slowly from two operations he underwent for peritonitis that he developed after the accident.

His physicians' predictions of a minimum of six months' convalescence, and possibly a year away from work for the 39-year-old matinee idol have caused shock waves among Indian film producers, many of whom have invested money borrowed at interest rates as high as 40 percent in planned Bachchan films.

Fan Vigil

Bachchan's injury has also traumatized his fans, who have flooded Bombay's Breach Candy Hospital with flowers and get-well cards, and maintained a constant vigil outside.

India's premier film producer, Manmohan Desai, told of being accosted outside Bachchan's room by a 10-year-old street urchin dressed in rags. Crying pitifully, the boy told Desai he wanted to contribute any part of his body if a transplant would save Bachchan's life. The doctors at that time had given Bachchan only a 50-50 chance of living.

For more than a month, the saga of Bachchan's fight for life has been spread across the front pages of India's newspapers, sometimes pushing to inside pages stories about the war in Lebanon and floods in northern India.

VIPs have streamed to Bachchan's hospital room. Among them was Prime Minister Indira Gandhi, who flew to Bombay to see the superstar on her first Sunday after returning from a U.S. tour. Gandhi's son and heir apparent, Rajiv, left his mother's U.S. tour to visit Bachchan. Bachchan and his wife, Jaya, a former film star, are friends of the Gandhis, and Bachchan was a schoolmate of Rajiv and his late brother, Sanjay.

The hospital also has been crowded with state governors, cabinet ministers and party functionaries, most of whom barely know the screen idol but know the value of being seen visiting his bedside.

The Indian movie industry's misfortunes began July 24, when Bachchan was shooting Desai's film, "Coolie," in a university library that had been decorated to look like the inside of a bank.

The script called for the villain to kick Bachchan in the abdomen. The star was supposed to roll backward and land on a table. Instead, he crashed headlong into the corner of the table, rupturing his intestines. Intestinal leakage and additional complications put him near death several days later.

With little entertainment available on state-run television, Indians of all economic classes crowd the country's movie theaters to see the nearly 800 films that are cranked out each year by the Bombay-based Indian movie industry.

Bachchan is especially popular with India's escape-seeking peasant classes because he normally portrays an underprivileged Indian angrily rebelling against the establishment. In the cheaper seats of India's crowded movie halls, wild applause usually accompanies scenes in which Bachchan scores a minor victory over elitism and the establishment.

Industry sources estimate that $6 million to $8 million could be lost in Bachchan films now under production, and that movie contracts he has signed for the next five years represent an investment of more than $200 million. Bachchan produces an average of 10 films per year and promotes up to 40 more film projects a year, charging about $350,000 per picture plus a share of the receipts.

Although Bachchan recently was reported to be sitting up in bed, listening to music on his Sony Walkman and complaining about being "bored," doctors said his condition is still serious and his pace will have to be sharply curtailed even if he is able to resume his movie career.

But Bombay's film producers hope to recoup their losses when their star does return to the screen.

As one eager producer said, "Anybody can afford to wait eight to 10 months with a man like Amitabh in your picture."

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